KAPITALBANK

JOINT-STOCK COMMERCIAL BANK KAPITALBANK

Financial Statements for the year ended December 31, 2019
and Independent Auditors' Report

Contents

Independent Auditors' Report

To the Shareholders and Supervisory Board of Joint Stock Commercial Bank Kapitalbank

Opinion

We have audited the financial statements of Joint Stock Commercial Bank Kapitalbank (hereinafter referred to as "the Bank"), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and ethical requirements that are relevant to our audit of the financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of expected credit losses (“ECL”) on loans to customers

See Note 8 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Loans to customers make up 58% of assets and are recognized net of allowance for expected credit losses (‘ECL’), which are regularly reviewed and sensitive to assumptions used.	We analyzed the key aspects of the Bank’s methodology and policies related to ECL estimates for compliance with the requirements of IFRS 9, including involvement of financial risks management specialists.
To estimate ECL the Bank’s management needs to apply professional judgement and to make assumptions related to the following key areas:	To analyze the adequacy of professional judgement and assumptions made by the management in relation to allowance for ECL estimate, we performed the following audit procedures:
- Timely identification of significant increase in credit risk and default events related to loans to customers (Stages 1, 2 and 3 in accordance with the IFRS 9;	- We tested the design and operating effectiveness of internal controls for timely classification of loans to Stages of credit risk; - For the sample of loans, the potential change in ECL estimate on which may have a significant impact on the financial statements, we tested whether stages are correctly assigned by the Bank by analyzing financial and non-financial information on selected borrowers, as well as assumptions and professional judgments applied by the Bank.
- Estimate of probability of default (PD) and loss given default (LGD);	- For the selected loans issued to corporate clients, we checked the correctness of the original data used in the calculation of PD, LGD and EAD. - For loans to customers classified to Stages 1 and 2, for which the Bank assesses ECL on a collective basis, we tested the principles of appropriate models and reconciled the inputs of models to supporting documents on a sample basis.

- Expected cash flows forecast on loans to customers classified to Stage 3.	- For selected sampled loans classified to Stage 3, where ECL allowances on which are assessed on an individual basis, we critically assessed assumptions used by the Bank in calculating future cash flows to forecast future cash flows, including estimated proceeds from realizable collaterals and their expected disposal terms, based on our understanding and publicly available market information. We focused on loans to customers which may potentially have the most significant impact on the financial statements. - In respect of loans to individuals, we have checked the correctness of the inputs in terms of the completeness and accuracy of the inputs used to calculate the ECL, the timely recognition of delinquencies and repayments in the respective systems and the allocation of loans by stages. On a sample basis, we compared the original model data with primary documents.
Due to the significant volume of loans to customers and the related ECL allowance estimation uncertainty, this area is a key audit matter.	We also ensured that disclosures in the financial statements appropriately reflect the Bank's exposure to credit risk.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Saidov S.K.
Engagement Director
General Director of
Audit organization "KPMG Audit" LLC

A.A. Kuznetsov
Engagement Partner

Qualification certificate of bank auditor #16/3 dated 1 February 2019, issued by the Central Bank of the Republic of Uzbekistan.

Audit organization "KPMG Audit" LLC
Tashkent, the Republic of Uzbekistan

26 June 2020

Joint-Stock Commercial Bank "Kapitalbank"

Statement of financial position as at December 31, 2019

(In thousands UZS)	Note	December 31, 2019	December 31, 2018
ASSETS			
Cash and cash equivalents	6	1 015 193 749	1 201 895 276
Amounts due from credit institutions	7	438 936 797	581 842 163
Loans to customers	8	3 121 674 371	2 432 796 104
Assets held for sale	9	8 041 500	16 545 376
Investment financial assets		70 220	70 220
Property and equipment	10	651 907 784	475 968 142
Income tax prepayments		15 089 905	4 062 984
Intangible assets	10	14 130 929	8 655 917
Deferred tax assets	23	9 142 014	12 066 261
Other assets	11	96 437 330	74 105 867
TOTAL ASSETS		**5 370 624 599**	**4 808 008 310**
Liabilities			
Amounts due to credit institutions	12	101 616 982	165 602 798
Amounts due to customers	13	4 567 387 115	4 173 922 094
Debt securities issued	14	-	4 620 000
Finance lease liabilities	15	5 365 518	5 739 913
Other borrowed funds	16	143 767 722	54 897 690
Other liabilities	17	4 870 731	5 851 125
TOTAL LIABILITIES		**4 823 008 068**	**4 410 633 620**
EQUITY			
Share capital	18	154 363 859	104 363 852
Additional paid-in capital		350 000	350 000
Revaluation reserve for property and equipment		19 805 707	1 924 529
Retained earnings		373 096 965	290 736 309
TOTAL CAPITAL		**547 616 531**	**397 374 690**
TOTAL LIABILITIES AND EQUITY		**5 370 624 599**	**4 808 008 310**

Approved and signed on behalf of the Bank's Management:

Mirzayev A.A.

The Chairman of the Management Board of the Bank

June 26,2020

seal

Allayorova D.N.

Chief Accountant of the Bank

The accompanying notes are an integral part of these financial statements.

Joint-Stock Commercial Bank "Kapitalbank"

Statement of profit or loss and other comprehensive income for 2019

(In thousands UZS)	Note	2019	2018
Interest income calculated using the effective interest rate	19	459 883 952	277 248 812
Other interest income	19	9 506 690	10 332 496
Interest expenses	19	(250 199 840)	(156 338 397)
Net interest income		**219 190 802**	**131 242 911**
Charge for expected credit losses on loans to customers, due from credit institutions and cash and cash equivalents	6, 7, 8	(65 735 618)	(25 264 176)
Net interest income after charge for expected credit losses on interest bearing assets		**153 455 184**	**105 978 735**
Fee and commission income	20	264 496 248	215 445 727
Fee and commission expense	20	(49 441 332)	(39 071 940)
Net gains from transactions with foreign currencies	21	424 002	18 880 538
Losses arising from impairment of other financial assets and credit-related commitments, other provisions		787 261	(1 414 565)
Loss from revaluation of buildings		(31 979 496)	-
Other income		4 984 851	12 026 103
Personnel and other operating expenses	22	(237 541 109)	(198 954 785)
Net loss from disposal of a subsidiary		-	(4 177 956)
Profit before income tax expenses		**105 185 609**	**108 711 857**
Income tax expense	23	(22 824 953)	(44 452 582)
NET PROFIT FOR THE PERIOD		**82 360 656**	**64 259 275**
Net profit from continuing operations		**82 360 656**	65 628 923
Net loss from discontinued operations		-	(1 369 648)
Other comprehensive income			
Revaluation of buildings		17 881 178	-
Other comprehensive income, net of tax		**100 241 834**	**-**
Total comprehensive income for the period		**100 241 834**	**64 259 275**

Approved and signed on behalf of the Bank's Management

Mirzayev A.A.

The Chairman of the Management

Board of the Bank

Allayorova D.N.

Chief Accountant of the Bank

June 26, 2020

The notes are an integral part of these financial statements.

(In thousands UZS)	Share capital	Additional paid-in capital	Revaluation reserve for property and equipment	Retained earnings	Total equity
Balance as at January 31, 2018	**80 331 797**	**350 000**	**112 795 731**	**134 937 869**	**328 415 397**
Net profit for the period	-	-	-	64 259 275	64 259 275
Dividends paid	-	-	-	(9 720 031)	(9 720 031)
Share issue	9 612 005	-	-	(9 612 005)	-
Conversion of preference shares into ordinary shares	14 420 050	-	-	-	14 420 050
Transfer of revaluation reserve for property and equipment	-	-	(110 871 201)	110 871 201	-
Balance as at December 31, 2018	**104 363 852**	**350 000**	**1 924 529**	**290 736 309**	**397 374 690**
Net profit for the period	-	-	-	82 360 656	82 360 656
Other comprehensive income	-	-	17 881 178	-	17 881 178
Share issue	50 000 007	-	-	-	50 000 007
Balance as at December 31, 2019	**154 363 859**	**350 000**	**19 805 707**	**373 096 965**	**547 616 531**

Approved and signed on behalf of the Bank's Management:

Mirzayev A.A.
The Chairman of the Management Board of the Bank

Allayorova D.N.
Chief Accountant of the Bank

June 26, 2020

The notes are an integral part of these financial statements.

(In thousands UZS)	**2019**	**2018**
Cash flows from operating activities		
Interest received	446 647 473	277 728 521
Interest paid	(245 155 344)	(156 364 922)
Fees and commissions received	266 643 713	214 778 580
Fees and commissions paid	(49 441 332)	(39 071 940)
Net receipts on foreign currency transactions	12 710 345	380 560 391
Other operating income received	4 984 851	12 887 711
Personnel expenses paid	(123 165 739)	(84 666 469)
Administrative and other operating expenses paid	(78 198 463)	(87 898 178)
Cash flows from operating activities before changes in operating assets and liabilities	**235 025 504**	**517 953 694**
Net (increase) decrease in:		
-Amounts due from credit institutions	139 608 090	(370 601 483)
-Loans to customers	(720 877 039)	(839 902 151)
- Assets held for sale	16 545 376	4 203 509
-Other assets	2 654 723	(23 281 004)
Net increase (decrease) in:		
-Amounts due to credit institutions	(65 492 578)	(93 782 138)
-Amounts due to customers	349 821 979	1 100 437 307
- Debt securities issued	(4 620 000)	2 850 000
-Other liabilities	(1 603 870)	(3 300 552)
Net cash flows from operating activities before income tax from continuing operations	**(48 937 815)**	**294 577 182**
Income tax paid	(35 397 920)	(51 606 787)
Net cash flows from operating activities from continuing operations	**(84 335 735)**	**242 970 395**
Net cash flows used in operating activities from discontinued operations	**-**	**(861 608)**
Total net cash flows from operating activities	**(84 335 735)**	**242 108 787**
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(261 528 021)	(216 898 731)
Proceeds from disposal of property and equipment and intangible assets	11 353 613	168 642 593
Redemption of bonds issued	-	(300 575)
Proceeds from sale of investment financial assets	-	2 626 533
Proceeds from sale of subsidiaries, net of cash disposed	-	21 478 887
Net cash flows used in investing activities, from continuing operations	**(250 174 408)**	**(24 451 291)**
Net cash flows from investing activities from discontinued operations	**-**	**659 078**
Total net cash flows used in investing activities	**(250 174 408)**	**(24 451 291)**

(In thousands UZS)	2019	2018
Cash flows from financing activities		
Proceeds from other borrowed funds	89 500 708	53 919 092
Repayment of other borrowed funds	(754 000)	-
Repayment of finance lease	(374 395)	-
Increase in share capital	50 000 007	-
Dividends paid	-	(9 720 031)
Net cash flows from financing activities from continuing operations	**138 372 320**	**44 199 061**
Net cash flows from financing activities from discontinued operations	-	-
Total net cash flows from financing activities	**138 372 320**	**44 199 061**
Effect of movements in exchange rates on cash and cash equivalents	**9 435 986**	**8 616 892**
Net (decrease) increase in cash and cash equivalent	**(186 701 837)**	**271 132 526**
Cash and cash equivalents at the beginning of the year	1 201 895 276	930 835 594
Effect of changes in expected credit losses on cash and cash equivalents	310	(72 844)
Cash and cash equivalents at the end of the year	**1 015 193 749**	**1 201 895 276**

Approved and signed on behalf of the Bank's Management:

seal

Mirzayev A.A.
The Chairman of the Management Board of the Bank

Allayorova D.N.
Chief Accountant of the Bank

June 26, 2020

The notes are an integral part of these financial statements.

(in thousands UZS)

Notes to the financial statements

1 Background

Principal activities

Joint Stock Commercial Bank "Kapitalbank" (hereinafter referred to as "the Bank") was established in the city of Tashkent, the Republic of Uzbekistan on May 15, 2000 in the form of a Private open joint- stock commercial bank in accordance with the legislation of the Republic of Uzbekistan.

The Bank is registered in the Republic of Uzbekistan for carrying out banking activities in accordance with the updated banking license No. 69 of October 21, 2017 issued by the Central Bank of the Republic of Uzbekistan (hereinafter referred to as "CBU").

The main activity of the Bank is to carry out commercial banking operations, transactions with securities, foreign currency, provision of loans and guarantees. The Bank accepts deposits from the public and issues loans, makes payments on the territory of the Republic of Uzbekistan and abroad, as well as provides other banking services to legal entities and individuals.

As at December 31, 2019, the Bank carries out banking activities through the Head Office and has 17 branches, as well as 23 mini-banks in the Republic of Uzbekistan (2018: 16 branches and 17 mini-banks).

The legal and registered address of the Bank's Head Office: 100047, Republic of Uzbekistan, Tashkent city, Sayilgoh street, 7.

The total number of the Bank's employees as at December 31, 2019 was 1 619 persons (2018: 1 381 persons).

The structure of the Bank's shareholders is presented in the following table:

Share (%)	**December 31, 2019**	**December 31, 2018**
Shareholders		
Legal entities		
Promadik Invest LLC	38.81	-
Continent Insurance LLC	19.88	19.48
Start Leasing LLC	14.11	4.90
Leasing Group LLC	5.83	5.60
Optima Invest LLC	2.20	2.20
Markaz yog LLC	0.23	-
SPRL East West Invest	-	15.00
Optima Leasing LLC	-	6.44
Total legal entities	**81.06**	**53.62**
Individuals		
Abdusamadov Makhsudchon Abduvalievich	9.87	9.90
Abdusamadov Ravshan Abduvalievich	9.07	5.90
Olimov Kakhramonjon Anvarovich	-	17.00
Golovanov Kirill Gennadyevich	-	2.20
Other individuals	0.00	11.38
Total individuals	**18.94**	**46.38**
Total	**100.00**	**100.00**

As at December 31, 2019, the total number of shareholders of the Bank was 8 shareholders (2018: 10), of which 6 shareholders are legal entities (2018: 6) and 2 shareholders are individuals (2018: 4), who own 163 928 486 shares (2018: 111 296 900). The Bank has no ultimate controlling party.

In September 2018, subsidiaries Delta Leasing LLC and Chicken Domain LLC were sold by the Bank to a third party. The contractual value of sale of the subsidiary Delta Leasing LLC is UZS 7 302 679 thousand. As at 31.12.2019 the remaining amount receivable is UZS 5 172 732 thousand and will be paid to the Bank within two years.

Business environment

The Bank's operations are primarily located in the Republic of Uzbekistan. Consequently, the Bank is exposed to the economic and financial mabrkets of the Republic of Uzbekistan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Republic of Uzbekistan.

During 2019 significant reforms initiated by the President, within implementation of the *Strategy of Actions for the Further Development of the Republic of Uzbekistan in 2018 - 2021*, occurred in Uzbekistan. Recently, main limitations on currency conversion and mandatory sale of foreign currency received as a result of export sales were cancelled, settlement period for export transactions was increased, unified system of state services have been introduced, and other positive changes are implemented.

The financial statements reflect the management's assessment of the impact of the business environment of the Republic of Uzbekistan on the operations and the financial position of the Bank. The future business environment may differ from management's assessment.

The Bank's financial position and operating results will be affected by political and economic changes in the Republic of Uzbekistan, including application of current and future legislation and tax regulations that have a significant impact on the financial markets of the Republic of Uzbekistan and economy as a whole. The Bank's management is unable to predict all changes that could affect the banking sector as a whole and the Bank's financial position in particular.

For 12 months 2019 the following key economic indicators are specific to Republic of Uzbekistan:

• Inflation: 15.2 % (2018: 14.3%);

• Official exchange rate: December 31, 2019: USD 1 =UZS 9 507.56 (December 31, 2018: USD 1 = UZS 8 339.55).

• GDP growth 5.7% (2018: 5.1%);

• Refinancing rate of the CBU: 16.0% (2018: 16.0%)

2 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS").

This is the first set of the Bank's annual financial statements prepared using the requirements of IFRS 16 *Leases*. Changes to significant accounting policies are described below.

These financial statements are based on accounting records prepared according to the accounting legislation of the Republic of Uzbekistan, adjusted and reclassified to comply with IFRS.

The principles of accounting policies applied in the preparation of these financial statements are disclosed in Note 3. These policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

Basis of measurement

The financial statements are prepared on the historical cost basis, except that buildings are stated at revalued amount.

Functional and presentation currency

The national currency of the Republic of Uzbekistan is Uzbek sum (hereinafter referred to as "UZS"), which is the Bank's functional currency and the currency in which these financial statements are presented. All financial information presented in UZS has been rounded to the (nearest) thousand, unless otherwise stated.

(in thousands UZS)

Foreign currencies, especially the US dollar and the Euro, are significant in determining the economic parameters of numerous economic transactions carried out in the Republic of Uzbekistan. The table below shows the rates of the Uzbek sum in relation to the US dollar and the Euro, set by the CBU:

Date	USD	EUR
December 31, 2019	9 507.56	10 624.70
December 31, 2018	8 339.55	9 479.57

Use of estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Bank’s accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

-classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding – Note 3.

- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL – Note 4.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2019 is included in the following notes:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 4.

- impairment of loans to customers – Note 8.

- estimates of fair values of financial assets and liabilities – Note 27.

- estimates of fair values of property and equipment – Note 10.

Going concern

These financial statements reflect the management's assessment of those impacts that affect the Bank’s operations and financial position. The future development of the economy of the Republic of Uzbekistan depends to a large extent on the effectiveness of measures taken by the Government of the Republic of Uzbekistan and other factors, including legislative and political events that are not controlled by the Bank. The Bank’s management is not able to predict the consequences of the impact of these factors on the financial position in the future.

The accompanying financial statements did not include adjustments related to this risk.

These financial statements were prepared under the assumption that the Bank is a going concern and will continue to operate for the foreseeable future.

In order to maintain the required level of liquidity, the Bank is able to attract additional funds in the interbank lending market. Diversification of liquidity sources allows minimizing the Bank's dependence on any source and ensuring full performance of its obligations. The Bank's accumulated current liquidity reserves and available sources of additional funds allow the Bank to continue to operate continuously in the long term.

Revaluation of property and equipment

The Bank estimates its buildings at fair value, with changes in fair value recognised in other comprehensive income (OCI). The Bank engaged an independent appraiser to determine the fair value of buildings as at December 31, 2019. To determine the market value of buildings in Tashkent city, the appraiser used two valuation approaches (comparative and income approach). The property was valued based on market data using comparable prices, adjusted for specific factors (technical data, location and condition of the property). For real estate in other regions, the appraiser used income approach. This is due to the lack of market information on the sales market due to the absence of an active market for sales of comparable real estate.

Taxation

Uzbek tax legislation is subject to varying interpretations and frequent changes. Management's interpretation of this legislation as applied to the operations and activities of the Bank may be challenged by the relevant local and state authorities. The tax authorities can take a more assertive position in the interpretation of legislation and in the verification of tax calculations. Therefore, tax authorities may challenge transactions and accounting methods that they did not dispute previously. As a result, significant additional taxes, penalties and interest may be assessed. Tax audits may cover five calendar years of activity immediately preceding the year of audit. Under certain conditions, earlier periods may be subject to audit. As at December 31, 2019, management of the Bank believes that it adheres to an adequate interpretation of the relevant legislation, and the Bank's tax position will be supported.

Significant accounting policies

Changes in significant accounting policies

IFRS 16 *Leases*

The Bank has initially applied IFRS 16 *Leases* on January 1,2019. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. According to this model, the Bank, as a lessee, recognises right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Bank applied IFRS 16 using a modified retrospective approach. Therefore, the comparative information presented for 2018 was not restated, i.e. it is presented according to the financial statements for the previous period, in accordance with IAS 17 and related interpretations. Information about the changes in accounting policies is disclosed below.

Definition of a lease

Previously, the Bank determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. The Bank now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is a lease or contains a lease relationship if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

On transition to IFRS 16, the Bank elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Bank applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1,2019.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration under the contract to each lease and non-lease component on the basis of their relative stand-alone selling prices.

The Bank as a lessee

The Bank is involved in a reverse finance lease of buildings.

As a lessee, the Bank previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Bank recognised right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

3 Significant accounting policies

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or

- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition less the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that became credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to a gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at FVOCI;

Other interest income presented in the statement of profit or loss and other comprehensive income includes interest income on non-derivative debt financial instruments measured at FVTPL and net investments in finance leases.

Interest expenses presented in the statement of profit or loss and other comprehensive income include:

- Interest expenses on financial liabilities measured at amortised cost.

Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the remainder of the contract.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Financial assets and liabilities

Classification of financial instruments

Upon initial recognition, financial assets are classified as measured either at amortised cost or at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated by the Bank as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated by the Bank as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income calculated using the effective interest method;
- expected credit losses (ECL) and their reversal; and
- foreign exchange gains or losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This choice is made for each investment separately.

For such equity instruments, profits and losses are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition the Bank may irrevocably designate a financial asset that meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The Bank makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The following information is to be considered during the assessment:

-The stated policies and objectives for the portfolio and the operation of those policies in practice. This includes Management's strategy for earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of financial assets to the duration of liabilities that are funding those assets, or expected cash outflows, or realizing cash flows through the sale of assets.

-How the performance of the portfolio is evaluated and reported to the Bank's management;

-The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected);

-The frequency, volume and timing of financial assets sales in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties under transactions that do not meet the criteria for derecognition are not considered as sales for this purpose, and the Bank continues to recognize such assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI criterion), the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that the financial asset would not meet this condition. In making the assessment, the Bank considers:

– contingent events that would change the amount and timing of cash flows;

– conditions that may adjust the coupon rate provided by the contract, including variable rate terms;

– prepayment and extension terms; and

– terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements).

A early settlement feature is consistent with the SPPI criterion if the early settlement amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, early settlement feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the early settlement amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and fair value of the early settlement feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss for the period.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Investments in debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss for the period.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of a part of the investment cost. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss for the period.

Non-recourse loans

In some cases, the loans issued by the Bank, and secured by collateral by the borrower limit the Bank's claim to cash flows from the specified collateral (non-recourse loans). The Bank applies judgment when measuring compliance of non-recourse loans with SPPI criterion. When forming the judgment, the Bank generally analyzes the following:

- whether the relevant contract determines the specified amounts and terms for loan payments;
- fair value of pledged collateral regarding the financial asset pledged;
- borrower's ability or willingness to continue making the contractual payments, despite the cost decrease of pledged collateral;
- whether the borrower is an individual or an entity actually operating, or a special purpose entity;
- risk of loss on pledged financial asset on a limited recourse basis in comparison with the loan issued to the borrower on a full recourse basis;
- the extent to which the collateral represents all or a significant portion of the borrower's assets; and
- whether the Bank will gain benefit from an increase in cost of underlying asset(s).

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held for sale, is a derivative or it is designated by the entity at its own discretion as such upon initial recognition. Financial liabilities at FVTPL are measured at fair value, and net amounts of profit and loss, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Bank has bank loans with a fixed rate, giving the banks the right to change interest rates due to changes in the key rate of the CBU. The Bank has the right to prepay the loan at par without significant penalty. The Bank considers such instruments as in essence floating-rate instruments.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Bank assesses whether cash flows related to such modified asset significantly differ. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in the amount of cash flows related to existing financial assets or liabilities are not treated as modification if they arise from the current terms of the agreement, for example, changes of interest rates by the Bank due to the change of the key rate by the CBU, if the related loan agreement permits the Bank to change interest rates.

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Bank performs quantitative and qualitative assessment of whether modification is significant analyzing qualitative factors, quantitative factors and the overall effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. Similarly, in performing this assessment the Bank acts in line with the requirements with regard to the derecognition of financial liabilities.

The Bank concludes that a modification is significant based on the following qualitative factors:

- change in the currency of the financial asset;
- change in collateral or other credit enhancement;
- change of terms of a financial asset that lead to non-compliance with the SPPI criterion (e.g. inclusion of conversion feature) (applicable from January 1,2018).

If the modification of cash flows is related to financial difficulties of the borrower, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Bank further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such modification is caused by a financial distress of the borrower, the related profit or loss is presented in impairment losses. In other cases, the related profit or loss is presented in interest income calculated using the effective interest method.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Bank treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Financial liabilities

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

The Bank performs quantitative and qualitative assessment of whether modification is significant analyzing qualitative factors, quantitative factors and the overall effect of qualitative and quantitative factors. The Bank concludes that a modification is significant based on the following qualitative factors:

- change in the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Impairment

The Bank recognizes loss allowances for ECLs on:

-financial assets measured at amortised cost;

-debt investments in debt financial instruments at FVOCI.

-financial guarantees.

The Bank measures loss allowances at an amount equal to lifetime ECLs, except for the following, for which they are measured as 12-month ECLs:

-debt securities that are determined to have low credit risk at the reporting date; and

-other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and an analysis based on the Bank's historical experience and a reasonable credit assessment, including forward-looking information.

The Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Bank considers a financial asset to be in default when:

-the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realization of collateral (if any is held); or

-the financial asset is more than 90 days past due.

The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Measurement of ECLs

ECLs are a default probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantees: as the present value of the expected payments to reimburse the holder's credit losses less any amounts that the Bank expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised, and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 4).

- If the expected restructuring results in the derecognition of the existing asset, then the expected fair value of the new asset is considered as the final cash flow from the existing asset at the time of its derecognition. This amount is included in the calculation of cash shortfalls under the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets recognised at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired.

In making the assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- market assessment of solvency as reflected in the bond's yield;
- assessments of solvency performed by rating agencies;
- the country's ability to access capital markets to issue new debt;
- probability of the debt restructuring leading to the holders suffering losses due to a voluntary or forced forgiveness of the debt;
- availability of international support mechanisms allowing to provide required support to such country as a "lender of last resort" and a publicly announced intent of state institutions and agencies to use such mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is a capacity to fulfill the required criteria.

Presentation of allowance for ECL in the statement of financial position

Amounts of loss allowance for expected credit losses are presented in the statement of financial position in the following way:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantees: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECLs on the loan commitment component separately from those on the drawn component (loan issued): the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial

position because the carrying amount of these assets is their fair value. However, the amount of the expected credit loss allowance is disclosed and recognised in the revaluation reserve for changes in fair value.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "impairment losses on debt financial assets" in the statement of profit or loss and other comprehensive income

Financial assets that are written off could still be subject to enforcement activities of the Bank in order to comply with the Bank's procedures for recovery of amounts due.

Loans to customers

The "Loans to customers" item of the statement of financial position includes loans to customers measured at amortised cost (see Note 8). They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Investment financial assets

The item "Investment financial assets" in the statement of financial position includes debt investment securities measured at amortised cost. They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Fair value through profit or loss

- Trading assets are assets that are acquired by the Bank or arise principally for the purpose of selling or repurchasing in the near future, or are part of a portfolio in which the assets are managed together for generating short-term profits. Trading assets are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

- Assets classified at the discretion of the Bank. Some investment securities are classified at the discretion of the Bank as at fair value through profit or loss with immediate recognition of changes in fair value in profit or loss.

Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus related transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at FVTPL.

When the Bank classifies a financial liability at its own discretion into the fair value through profit or loss measurement category, the amount of changes in the fair value of a financial liability caused by changes in its own credit risk under such liability is presented in other comprehensive income as a reserve for changes in the fair value of financial liabilities caused by changes in its own credit risk. On initial recognition of the financial liability, the Bank assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; with

- the impact on profit or loss of expected changes in fair value of the related instruments.

Amounts presented in the liability credit reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Financial guarantees and loan commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities on financial guarantee contracts or the commitments to loans extent, which were issued with a yield below market, are initially recognised at fair value. Subsequently, they are measured as follows:

- at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Bank has no loan commitments that are measured at FVTPL.

For other loan commitments:

- The Bank recognises allowance for expected credit losses.

Liabilities arising from financial guarantees and loan commitments are included in provisions.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the CBU, excluding obligatory reserves, and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Amounts due from credit institutions

In the normal course of business, the Bank maintains advances for various periods of time in credit institutions. Amounts due from other banks are not held for immediate or short-term sale and are recognised at amortised cost using the effective interest method if they have fixed maturity terms. Amounts without fixed maturity terms are recognised at amortised cost based on expected maturities. Amounts due from credit institutions are carried net of any allowance for impairment losses.

Mandatory cash balances with the CBU represent funds deposited with the CBU and not intended to finance current operations of the Bank. Mandatory cash balances with the CBU are included in amounts due from credit institutions for the purpose of preparing a statement of cash flows.

Amounts due to credit institutions are recorded when cash or other assets are advanced to the Bank by counterparty banks. These non-derivative financial liabilities are recognised at amortised cost.

Taxation

The current income tax expense is calculated in accordance with the regulations of the Republic of Uzbekistan and of the cities in which the Bank's branches are located.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Property and equipment

Property and equipment, except for buildings, are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Following initial recognition at cost, buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revaluation surplus is credited to other comprehensive income, except for the recovery amounts related to the previous decrease in the amount of this asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. In this case, the increase in asset cost is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the revaluation reserve for property and equipment.

An annual transfer from the revaluation reserve for property and equipment to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, the amount included in revaluation reserve is transferred to retained earnings.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Buildings*	33
Furniture and fixtures	6-7
Computers and office equipment	5-7
Vehicles	5

** In 2019 the Bank's management decided to revise the useful life of buildings from 20 to 33 years. Guided by the provisions of IAS 8, the Bank defined this amendment as a change in accounting estimate and did not apply a retrospective approach requiring reconsideration of comparative data.*

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, as appropriate, at each reporting year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Intangible assets

Intangible assets include software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as of the date of acquisition. Subsequent to initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. The useful life of an intangible asset is either finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and are analysed for impairment if any indicators of a possible impairment exist. The useful life and amortisation methods of intangible assets with indefinite useful lives are analysed at least once per year, at the end of each reporting year.

	Years
Licenses	5-6
Software	5-6

Lease

Policy applicable before January 1, 2019

Finance lease – the Bank as a lessee

The Bank recognizes finance leases as assets and liabilities in the statement of financial position at the date of commencement of the lease term at amounts equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor used is the interest rate implicit in the lease, when it is practicable to determine. Otherwise, the Bank's incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Costs that are directly related to the lessee's activities under a finance lease are included in the leased assets.

Finance lease – the Bank as a lessor

The Bank recognizes lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is calculated based on a pattern reflecting a constant periodic rate of return on the carrying value of net investment. Initial direct costs are included in the initial measurement of the lease receivables.

Operating lease – the Bank as a lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease contract are recognised as expenses on a straight-line basis over the lease term and included into other operating expenses.

Operating lease – the Bank as a lessor

The Bank presents assets subject to operating leases in the statement of financial position according to the nature of the asset. Lease income from operating lease contracts is recognised in profit or loss on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis. Initial direct costs incurred in relation to an operating lease are added to the carrying amount of the leased asset.

Policy applicable from January 1, 2019

The new accounting policies adopted by the Bank in connection with the application of IFRS 16 used from the date of first-time adoption are set out below.

The Bank recognizes right-of-use assets and lease liabilities in respect of leases previously classified as operating leases, except for short-term leases and leases where the underlying asset is of low value.

Right-of-use assets

The Bank recognizes right-of-use assets from the date of lease commencement (i.e. from the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment taking into account revaluation of lease liabilities. The value of the right-of-use assets includes the amount of the recognised lease liabilities and lease payments made at or before the commencement of the lease, any initial direct costs incurred by the lessee in connection with the conclusion of the lease agreement. The Bank does not apply materiality to the amount of initial direct costs incurred by the lessee. If it is not reasonably certain that the Bank will obtain ownership of the leased asset at the end of the lease term, recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term.

Lease liabilities

Upon inception of lease the Bank recognises lease liability at the present value of lease payments to be made during the lease term. Lease payments include fixed payments (including substantive fixed payments) less incentive payments, variable lease payments based on an index or rate and amounts expected to be paid at the residual value guarantee, and termination penalties if the lease term reflects the lessee's potential exercise of the termination option. Variable lease payments that are not dependent on an index or rate are recognised as expenses in the period in which the event or condition giving rise to such payments occurs. In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the inception of the lease if the interest rate implicit in the lease agreement cannot be easily determined. The amount of lease liabilities after the date of lease commencement is increased to reflect interest accrued and decreased to reflect lease payments made. In addition, the carrying amount of lease liabilities is revalued when the agreement is modified or the lease term is changed or the fixed lease payments are changed substantially or the value is changed for the purpose of obtaining the underlying asset.

Component Accounting

In relation to vehicles and office real estate lease agreements, simplifications of practical nature are applied, according to which the Bank does not separate components that are not leases from components that are leases, but instead takes into account each component of the lease and respective components that are not leases as one component of the lease, provided that under such agreements there are no embedded derivatives that meet the criteria of IFRS 9 clause 4.3.3.

The agreement may include the amount payable by the lessee for the activities and costs that do not transfer the goods or services to the lessee: administrative fees or other costs (e.g. property tax, insurance fees) that the lessor bears in connection with the lease that do not transfer the goods or services to the lessor. Such amounts payable do not constitute a separate component of the agreement, but are considered part of the total refund, which is allocated to the separately identified components of the agreement. The Bank assesses whether such payments are fixed (or substantive fixed) lease payments or variable lease payments.

Short-term leases and leases of low value assets

The Bank used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Bank applies the exception for recognition of short-term leases to its short-term leases of premises, office equipment (i.e. leases expiring within 12 months from the date of initial application and not subject to a call option). The Bank also applies an exception for the recognition of low value assets to leases of premises, office equipment, which are considered as low value assets. Short-term lease payments and low value assets lease payments are recognised as expenses on a straight-line basis over the lease term and included into general and administrative expenses. The Bank excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Impairment of right-of-use assets

Right-of-use asset is subject to an assessment for impairment at the end of each reporting year.

IAS 36 is applied to determine whether the right-of-use asset is impaired. If there is an impairment, an impairment loss is recognised. Depreciation will then be charged to the revised carrying amount.

Impact on the financial statements

Impact on transition

The Bank as a lessee

On transition to IFRS 16, the Bank recognised no additional right-of-use assets or additional lease liabilities.

The Bank presents lease liabilities as a separate line item in the statement of financial position. The lease liability is initially measured at the present value of the lease payments outstanding at the inception of the lease. Finance lease liabilities are disclosed in Note 15.

Amounts due to customers

Customer accounts are non-derivative financial liabilities due to individuals, state or corporate customers and are carried at amortised cost.

Borrowings

Borrowings are non-derivative liabilities received from government and financial organizations and are carried at amortised cost.

Offset of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only if there is a legally enforceable right to offset the reported amounts, as well as the intention either to offset, or simultaneously realize the asset and settle the liability.

Repossessed collateral

Repossessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in property and equipment or other non-financial assets depending on their nature and the Bank's intention in respect of recovery of these assets and are subsequently re-measured and accounted for in accordance with the accounting policies for these categories of assets.

Prepayment

Prepayment is a non-financial asset that is initially measured at cost less accumulated impairment losses.

Provisions

Provisions are recognised when the Bank has a legal or constructive obligations as a result of a past event, and it is probable that an outflow of future economic benefits will be required to settle the obligation which can be reliably estimated.

Share capital

Ordinary shares and non-redeemable preferred shares with rights to discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date, provided they have been declared on or before the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorized for issue.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to equity holders of the Bank by the weighted average number of shares outstanding during the reporting year.

Contingent assets and liabilities

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. Contingent assets are not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Remuneration of employees and deductions to social insurance funds

On the territory of the Republic of Uzbekistan the Bank implements deductions for a single social tax. These deductions are also reflected on an accrual basis. The single social tax includes contributions to the Pension fund. The Bank does not have its own pension scheme. Salaries, contributions to the state Pension fund and social insurance fund, paid annual leave and sick leave, bonuses and non- monetary benefits are accrued as the services are provided by the Bank's employees.

Segment reporting

Operating segments are allocated on the basis of internal reports on the components of the Bank that are regularly checked by the chief executive officer responsible for making decisions on operating activities in order to allocate resources to the segments and evaluate the performance of their activities.

The Bank evaluates information on the reporting segments in accordance with IFRS. The reporting operating segment is allocated when one of the following quantitative requirements is met:

- its revenue from sales to external customers and from operations with other segments is at least 10 percent of total revenue - external and internal - of all operating segments; or
- the absolute profit or loss ratio is at least 10 percent of the largest of (i) the cumulative profit of all operating segments without a loss, and (ii) the cumulative loss of all operating segments with a loss; or
- its assets are at least 10 percent of the total assets of all operating segments;
- its assets and liabilities are at least 10 percent of total capital.

If the total revenue from external sales, represented by the operating segments, is less than 75 percent of the Bank's revenue, additional operating segments are allocated as reportable (even if they do not meet the quantitative criteria given above) until the reporting segments will include at least 75 percent of the Bank's revenues.

Foreign currency translation

The financial statements are presented in Uzbek sum, which is the Bank's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange effective at the reporting date. Income and expenses arising from translation of transactions in foreign currencies are recognised in the statement of profit and loss as "Net Income from Foreign Currency Transactions - Revaluation of Foreign Exchange Items". Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The difference between the contractual exchange rate for a transaction in foreign currency and the official exchange rate of the CBU at the date of the transaction is included in income less expenses for transactions in foreign currency.

4 Financial risk review

This Note presents information about the Bank's exposure to financial risks.

Credit risk - Amounts arising from ECL

Significant increase in credit risk

When determining whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. The assessment includes both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due.

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates – e.g. the difference in the risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

Corporate exposure	All exposures (corporate and retail clients)
• Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes.	• Payment record – this includes overdue status
• Data from credit reference agencies, press articles, changes in external credit ratings	• Utilisation of the granted limit • Requests for and granting of forbearance

Corporate exposure	All exposures (corporate and retail clients)
• Quoted bond and credit default swap (CDS) prices for the borrower where available • Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	• Existing and forecast changes in business, financial and economic conditions.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information received from external credit reference agencies is also used.

The Bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. The criterion of significance is different for different types of lending, in particular, for corporate clients and individuals.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due which is applicable to all segments except for accounts receivable, transactions with financial institutions and issuers of securities; 1 day – for transactions with banks and issuers of securities, 2 days – for transactions with other financial institutions. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

An increase in the credit risk may be considered significant if it is indicated by qualitative features associated with the Bank's credit risk management process, the effect of which cannot be fully detected in a timely manner as part of the quantitative analysis. This applies to those credit risk positions that meet certain high risk criteria, such as being on a watch list. The assessment of these qualitative factors is based on professional judgment and considering relevant past experience.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable.
- exposures are not generally transferred directly from 12-month ECL (Stage 1) measurement to credit-impaired (Stage 3).
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (Stage 1) and lifetime ECL measurements (Stage 2).

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held); or
- the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower’s inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank will consider indicators that are:

- qualitative – e.g. breaches of covenants;
- quantitative – e.g. overdue status and non-payment of another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank uses expert judgment in assessment of forward-looking information. This assessment is also based on external information.

The Bank has identified and documented key drivers of credit risk and credit losses and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses. GDP forecasts were designated as the key factor. However, this analysis did not reveal a significant dependency of the portfolio default rate on GDP.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset’s credit risk has increased significantly reflects the comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties (referred to as ‘forbearance activities’) to maximize collection opportunities and minimize the risk of default. Under the Bank’s forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Bank’s forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank’s ability to collect interest and principal and the Bank’s previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower’s payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3). A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Measurement of ECLs

The key inputs into the measurement of ECLs are the term structures of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are adjusted for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank will derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For loan commitments, the EAD comprises potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantee contracts, the EAD value is the amount payable at the time the financial guarantee is executed. For some financial assets, the EAD is determined by modeling the range of possible positions exposed to credit risk at various points in time using scenarios and statistical methods.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modeling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data. Examples of portfolios for which external benchmark information is used as a source for estimating expected credit losses are presented below.

(in thousands UZS)

	Exposure as at December 31, 2019	PD
Cash and cash equivalents	1 015 193 749	Moody's default statistics
Amounts due from credit institutions	438 936 797	
Investment financial assets	70 220	

5 Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020 with earlier application permitted. However, the Bank has not early adopted them in preparing these financial statements.

Amendment to IFRS 3 *Business Combinations.*

In October 2018, the International Accounting Standards Board (IASB) issued *Definition of a Business* (amendments to IFRS 3) that changed the definition of a 'business' and are to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, add guidance to assess whether an acquired process is substantive, narrow the definition of a business and outputs, and introduce an optional concentration test to permit a simplified assessment. The amendments also add illustrative examples.

Amendment to IAS 1 and IAS 8 – Definition of Material

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments to IFRS 9, IAS 39 and IFRS 7 include a number of exemptions that apply to all hedging relationships that are directly affected by interest rate benchmark reform. The hedging relationship will be affected if the Reform introduces uncertainties regarding the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument. The reform may result in uncertainties regarding the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument for the period until the replacement of the existing interest rate benchmark with an alternative, almost risk-free interest rate. This may lead to uncertainty regarding the assessment of the probability of the forecast transaction and whether the hedging relationship will be highly effective. Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Bank's financial statements.

6 Cash and cash equivalents

Cash and cash equivalents comprise:

(In thousands of UZS)	December 31, 2019	December 31, 2018
Cash on hand	252 738 896	325 453 860
Current accounts with the CBU	468 493 117	766 290 117
Current accounts with other credit institutions	191 590 052	43 547 678
Term deposits with credit institutions up to 90 days	102 484 153	66 716 400
ECL allowance	(112 469)	(112 779)
Total cash and cash equivalents	**1 015 193 749**	**1 201 895 276**

As at December 31, 2019, balances on current accounts with the CBU in UZS, US dollar and Euro amounted to equivalent of UZS 468 493 117 thousand (2018: UZS 766 290 117 thousand), including USD 149 thousand (2018: USD 44 086 thousand) equivalent to UZS 1 416 626 thousand (2018: UZS 367 665 091 thousand) and EUR 2 930 thousand (2018: EUR 1 087 thousand) equivalent to UZS 31 130 371 thousand (2018: UZS 10 224 586 thousand).

Term deposits placed for a period of less than 90 days are represented by short-term interbank placements with a maturity of up to 90 days. As at December 31, 2019, term deposits placed for a period of less than 90 days in the amount of UZS 102 484 154 thousand (2018: UZS 66 716 400 thousand) were placed in two local banks at an interest rate of 5.5% per annum (2018: in one local bank at an interest rate of 0% per annum).

As at December 31, 2019, the Bank has two counterparties, other than the CBU (2018: 1 counterparty) with balances that exceed 10% of the Bank's capital. The gross value of these balances as at December 31, 2019 amounts to UZS 186 635 520 thousand (2018: UZS 66 716 400 thousand) or 18.38% (2018: 5.5%) of total cash and cash equivalents.

The table below shows movements in allowance for ECL:

	2019		2018	
(In thousands UZS)	Stage 1	Total	Stage 1	Total
Balance as at January 1	**112 779**	**112 779**	**39 936**	**39 936**
Net charge/ (recovery) of allowance for ECL	(310)	(310)	72 843	72 843
Balance as at December 31	**112 469**	**112 469**	**112 779**	**112 779**

The table below shows an analysis of cash and cash equivalents for credit quality as at December 31, 2019 and December 31, 2018

(In thousands UZS)	December 31, 2019	December 31, 2018
Cash on hand	252 738 896	325 453 860
Nostro accounts with the CBU	468 493 117	766 290 117
Nostro accounts with other banks:		
Rated from AA+ to AA-	33 206	-
Rated from A+ to A-	94 652 202	14 486 157
Rated from BBB+ to BBB-	53 664 290	13 696 655
Rated from BB+ to BB-	2 009 171	833 957
Rated from B+ to B-	20 531 334	2 112 247
Not rated	20 699 848	12 418 662
Deposits with banks with an initial maturity of less than 90 days:		
Rated from A+ to A-	7 320 454	-
Rated from BB+ to BB-	95 163 700	-
Rated from B+ to B-	-	66 716 400
Allowance for ECL	(112 469)	(112 779)
Total cash and cash equivalents	**1 015 193 749**	**1 201 895 276**

Counterparty ratings are based on Fitch, Moody's and Standard&Poor's rating systems.

7 Amounts due from credit institutions

Amounts due from credit institutions include the following items:

(In thousands UZS)	December 31, 2019	December 31, 2018
Deposits with banks:		
Mandatory reserve with the CBU	248 326 364	187 390 623
Term deposits with original maturity over 90 days	116 055 831	10 526 752
Restricted cash in relation to letters of credit and insurance deposits	75 083 840	384 434 401
ECL allowance	(529 238)	(509 613)
Total due from credit institutions	**438 936 797**	**581 842 163**

The table below shows movements in ECL allowance:

	2019		2018	
(In thousands UZS)	Stage 1	Total	Stage 1	Total
Balance as at 1 January	**509 613**	**509 613**	**241 443**	**241 443**
Net charge of ECL allowance	19 625	19 625	268 170	268 170
Balance as at December 31,	**529 238**	**529 238**	**509 613**	**509 613**

As at December 31, 2019, term deposits placed for more than 90 days amounted to UZS 116 055 831 thousand (2018: UZS 10 526 752 thousand), represented by term deposits placed in local and foreign banks at an interest rate of 4% and 6% per annum for foreign currency deposits, as well as of 10% and 16% per annum UZS deposits (2018: 10% per annum on deposits).

As at December 31, 2019 and 2018, the balance of the mandatory reserve in the CBU amounted to UZS 248 326 364 thousand and UZS 187 390 623 thousand, respectively. According to the legislation of the Republic of Uzbekistan, the Bank is obliged to deposit mandatory reserves in the CBU on an ongoing basis, for which no interest is accrued and which are part of the obligations of the Bank with a limited ability to use them.

As at December 31, 2019, restricted cash comprises balances on correspondent accounts with foreign banks placed by the Bank in respect of letters of credit and amounts to UZS 75 083 840 thousand (2018: UZS 384 434 401 thousand). As at December 31, 2019, the Bank had cash balances of accounts and deposits with one bank (2018: 2 banks) that exceed 10% of the Bank's capital each. The total amount of the funds was UZS 95 075 600 thousand (2018: UZS 359 610 386), or 21.7% (2018: 61.8%) of the total funds with credit institutions.

Analysis by credit quality of amounts due from credit institutions as at December 31, 2019 and December 31, 2018 is as follows:

(In thousands UZS)	December 31, 2019	December 31, 2018
Deposits with banks:		
Deposits in the CBU	248 326 364	187 390 623
Rated from A1 to A3, Moody's	48 740 056	359 610 386
Rated from Ba1 to Ba3, Moody's	95 539 536	-
Rated from B1 to B3, Moody's	14 716 264	12 275 060
Rated CCC+, S&P	19 516 370	10 526 752
Not rated	12 627 445	12 548 955
ECL allowance	(529 238)	(509 613)
Total due from credit institutions	**438 936 797**	**581 842 163**

8 Loans to customers

Loans to customers include the following items:

(In thousands UZS)	**December 31, 2019**	**December 31, 2018**
Loans to legal entities	2 292 410 264	1 794 140 509
Loans to individuals	915 566 072	587 222 009
Loans to state and municipal institutions	5 852 739	19 396 543
Loans to private entrepreneurs	16 336 762	28 196 475
Net investment in finance lease	3 226 561	67 101 135
Total loans to customers	**3 233 392 398**	**2 496 056 671**
ECL allowance	(111 718 027)	(63 260 567)
Total loans to customers less ECL allowance	**3 121 674 371**	**2 432 796 104**

The Bank uses the following classification of loans by classes:

- Loans to legal entities - loans granted to customers with an organizational and legal form of ownership of joint-stock companies and limited liability companies;
- Loans to state and municipal institutions - loans granted to state-controlled customers;
- Loans to individuals - loans granted to individuals that include:
    - o Mortgage loans;
    - o Consumer loans;
    - o Education loans;
    - o Other.
- Loans to private entrepreneurs - loans granted to individual entrepreneurs;
- Net investment in finance lease - loans granted to legal entities that meet the definition of finance lease.

Below is an analysis of the changes in the allowance for expected credit losses.

			2019		
Loans to customers measured at amortised cost, UZS thousand	**Stage 1** 12-month ECLs	**Stage 2** Lifetime ECLs for assets that are not credit-impaired	**Stage 3** Lifetime ECLs for assets that are credit-impaired	**Purchased or originated credit-impaired financial assets (POCI assets)**	**Total**
Balance as at January 1	**30 885 521**	**4 120 742**	**28 254 304**	**-**	**63 260 567**
Transfer from Stage 1	(14 763 631)	2 749 971	12 013 660	-	-
Transfer from Stage 2	297 807	(826 685)	528 878	-	-
Transfer from Stage 3	-	4 097 408	(4 097 408)	-	-
Net change in allowance for expected credit losses	(3 203 914)	2 187 688	64 499 294	-	63 483 068
New financial assets originated or purchased	32 080 934	-	-	-	32 080 934
Financial assets fully repaid	(12 735 795)	(3 483 591)	(13 628 313)	-	(29 847 699)
Write-offs	-	-	(23 953 585)	-	(23 953 585)
Unwinding of discount on present value of ECL	-	-	3 026 927	-	3 026 927
Changes in exchange rates and other changes	1 170 993	121 739	2 375 083		3 667 815
Balance as at December 31	**33 731 915**	**8 967 272**	**69 018 840**	**-**	**111 718 027**

(in thousands UZS)

Loans to customers measured at amortised cost, UZS thousand	2018 Stage 1 12-month ECLs	Stage 2 Lifetime ECLs for assets that are not credit-impaired	Stage 3 Lifetime ECLs for assets that are credit-impaired	Total
Balance as at January 1	**8 665 929**	**13 597 859**	**21 527 568**	**43 791 356**
Transfer from Stage 1	(8 659 287)	2 464 906	6 194 381	-
Transfer from Stage 2	77 964	(8 715 816)	8 637 852	-
Transfer from Stage 3	190 186	75 581	(265 767)	-
Net change in allowance for expected credit losses	(136 300)	1 138 320	(632 791)	369 229
New financial assets originated or purchased	35 342 793	-	-	35 342 793
Financial assets fully repaid	(4 595 764)	(4 440 108)	(1 752 989)	(10 788 861)
Write-offs	-	-	(6 165 084)	(6 165 084)
Unwinding of discount on present value of ECL	-	-	711 134	711 134
Balance as at December 31	**30 885 521**	**4 120 742**	**28 254 304**	**63 260 567**

The analysis of movements in gross carrying amount of loans is presented below.

Loans to customers measured at amortised cost, UZS thousand	2019 Stage 1 12-months expected credit losses	Stage 2 Lifetime expected credit losses for assets that are not credit impaired	Stage 3 Lifetime expected credit losses for assets that are credit-impaired	Purchased or originated credit-impaired financial assets (POCI assets)	Total
Balance as at January 1	**2 322 100 532**	**29 675 234**	**144 280 905**	**-**	**2 496 056 671**
Transfer from Stage 1	(182 232 383)	67 534 920	114 697 463	-	**-**
Transfer from Stage 2	2 775 274	(6 457 571)	3 682 297	-	**-**
Transfer from Stage 3	2 860 649	27 047 498	(29 908 147)	-	**-**
New financial assets originated or purchased	2 444 683 290	-	-	11 526 403	**2 456 209 693**
Financial assets fully repaid	(1 328 893 537)	(25 390 486)	(61 359 743)	-	**(1 415 643 766)**
Other changes (effect of exchange rate, partial repayment)	(293 324 980)	(20 364 195)	12 540 916	-	**(301 148 259)**
Write-offs	-	-	(2 081 941)	-	**(2 081 941)**
Balance as at December 31	**2 967 968 845**	**72 045 400**	**181 851 750**	**11 526 403**	**3 233 392 398**

	2018			
Loans to customers measured at amortised cost, UZS thousand	**Stage 1** 12-months expected credit losses	**Stage 2** Lifetime expected credit losses for assets that are not credit impaired	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
Balance as at January 1	**1 467 408 415**	**130 263 145**	**57 141 708**	**1 654 813 268**
Transfer from Stage 1	(104 251 428)	27 924 046	76 327 382	**-**
Transfer from Stage 2	1 498 482	(54 157 893)	52 659 411	**-**
Transfer from Stage 3	337 726	247 110	(584 836)	**-**
New financial assets originated or purchased	1 978 103 443	-	-	**1 978 103 443**
Financial assets fully repaid	(784 631 179)	(64 321 335)	(8 475 308)	**(857 427 822)**
Other changes (effect of exchange rate, partial repayment)	(236 364 927)	(10 279 839)	(26 622 368)	**(273 267 134)**
Write-offs	-	-	(6 165 084)	**(6 165 084)**
Balance as at December 31	**2 322 100 532**	**29 675 234**	**144 280 905**	**2 496 056 671**

The structure of the loan portfolio by types of customers is as follows:

(In thousands of UZS)	**December 31, 2019**	**December 31, 2018**
Industrial production	1 014 660 675	998 542 951
Individuals	915 566 072	587 222 009
Trade and services	676 601 103	384 484 989
Financial services	243 567 563	160 731 559
Agriculture	127 439 332	125 631 108
Construction	75 742 200	89 819 081
Textile industry	47 163 383	66 041 327
Transport and communications	90 653 433	43 728 718
Other sectors	41 998 637	39 854 929
Total loans to customers	**3 233 392 398**	**2 496 056 671**

As at December 31, 2019 and 2018, all loans were provided to companies operating in the Republic of Uzbekistan. The following table provides information on collateral:

December 31, 2019 *(In thousands UZS)*	**Gross carrying amount of loans to customers**	**Fair value of collateral - for collateral estimated as at the reporting date**	**Fair value is not determined**
Loans which are not credit-impaired			
Real estate	1 445 027 220	1 445 027 220	-
Vehicles	440 187 392	440 187 392	-
Insurance policies	534 670 647	534 670 647	-
Equipment	261 642 093	-	261 642 093
Guarantees and sureties	226 579 756	226 579 756	
Goods in turnover	84 469 775	-	84 469 775
Guarantee deposits	30 926 604	30 926 604	-
Securities	249 779	249 779	-
Other collateral	16 260 979	-	16 260 979
Total loans which are not credit-impaired	**3 040 014 245**	**2 677 641 398**	**362 372 847**
Credit-impaired loans			
Real estate	61 411 112	61 411 112	-
Vehicles	8 747 568	8 747 568	-
Insurance policies	17 987 259	17 987 259	-
Equipment	82 951 809	-	82 951 809
Guarantees and sureties	15 688 245	15 688 245	-
Goods in turnover	2 367 809	-	2 367 809
Guarantee deposits	47 251	47 251	-
Securities	4 177 100	4 177 100	-
Total credit-impaired loans	**193 378 153**	**108 058 535**	**85 319 618**

December 31, 2018 *(In thousands UZS)*	**Gross carrying amount of loans to customers**	**Fair value of collateral - for collateral estimated as at the reporting date**	**Fair value is not determined**
Loans which are not credit-impaired			
Real estate	1 141 985 541	1 141 985 541	-
Vehicles	343 803 748	343 803 748	-
Insurance policies	298 707 247	298 707 247	-
Equipment	227 308 124	-	227 308 124
Guarantees and sureties	149 437 366	149 437 366	-
Goods in turnover	72 447 144	-	72 447 144
Guarantee deposits	87 863 596	87 863 596	-
Securities	4 212 308	4 212 308	-
Other collateral	26 010 692	-	26 010 692
Total loans which are not credit-impaired	**2 351 775 766**	**2 026 009 806**	**325 765 960**

Credit-impaired loans			
Real estate	42 284 957	42 284 957	-
Vehicles	7 416 823	7 416 823	-
Insurance policies	12 244 508	12 244 508	-
Equipment	77 909 311	-	77 909 311
Guarantees and sureties	1 986 889	1 986 889	-
Goods in turnover	53 280	-	53 280
Securities	2 385 137	2 385 137	-
Total credit-impaired loans	**144 280 905**	**66 318 314**	**77 962 591**

The collateral value may differ from the fair value of collateral.

The tables above exclude overcollateralisation.

As at December 31, 2019, the concentration of loans issued by the Bank to the ten largest independent borrowers was UZS 605 825 962 thousand (19% of the total loan portfolio) (2018: UZS 594 165 691 thousand) (23.8% of the total loan portfolio).

Net investment in finance lease is as follows:

(In thousands UZS)	December 31, 2019	December 31, 2018
Gross investments in finance lease	7 814 988	90 857 396
Unearned financial income of future periods under finance leases	(4 588 427)	(23 756 261)
Net investment in the finance lease	**3 226 561**	**67 101 135**

The interest rate under finance leases is fixed at the date of conclusion of the contract for the entire lease period. The following table provides information on the maturity of gross and net investment in finance lease as at December 31, 2019:

(In thousands UZS)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Gross investments in finance lease	329 845	2 186 322	5 298 821	7 814 988
Unearned financial income of future periods under finance leases	(82 122)	(744 301)	(3 762 004)	(4 588 427)
Net investment in the finance lease	**247 723**	**1 442 021**	**1 536 817**	**3 226 561**

The following table provides information on the maturity of gross and net investment in finance lease as at December 31, 2018:

(In thousands UZS)	Less than 1 year	From 1 to 5 years	Over 5 years	Total
Gross investments in finance lease	22 931 099	67 926 297	-	90 857 396
Unearned financial income of future periods under finance leases	(9 510 872)	(14 245 389)	-	(23 756 261)
Net investment in the finance lease	**13 420 227**	**53 680 908**	**-**	**67 101 135**

Credit quality of loan portfolio

The following table contains information about the quality of the loan portfolio before ECL allowance as at December 31, 2019 and December 31, 2018:

The credit quality analysis presented in the tables below is based on the scale of credit quality of borrowers developed by the Bank:

- "Low credit risk" - assets with low probability of default by counterparties that have high ability to fulfill their financial obligations in time;
- "Moderate credit risk" – assets, counterparties to which have a moderate probability of default, demonstrate an average ability to meet financial obligations in a timely manner and require more careful attention at the monitoring stage;
- "High credit risk" - assets with higher probability of default by counterparties that require particular attention during the monitoring.
- "Distressed assets" - assets which meet the definition of default under the impairment indicators.

December 31, 2019

(In thousands UZS)	**Stage 1** 12-month ECL	**Stage 2** Lifetime expected credit losses for assets that are not credit-impaired.	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
Loans to customers at amortised cost – Corporate customers				
Low credit risk	887 482 748	-	-	887 482 748
Moderate credit risk	118 469 665	-	-	118 469 665
High credit risk	-	21 502 699	-	21 502 699
Distressed assets	-	-	111 609 411	111 609 411
Total	**1 005 952 413**	**21 502 699**	**111 609 411**	**1 139 064 523**
ECL allowance	**(12 777 186)**	**(3 604 458)**	**(30 931 410)**	**(47 313 054)**
Carrying amount	**993 175 227**	**17 898 241**	**80 678 001**	**1 091 751 469**

December 31, 2018

(In thousands UZS)	**Stage 1** 12-month ECL	**Stage 2** Lifetime expected credit losses for assets that are not credit-impaired.	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
Loans to customers at amortised cost – Corporate customers				
Low credit risk	625 130 494	-	-	625 130 494
Moderate credit risk	14 854 317	-	-	14 854 317
High credit risk	-	17 123 883	-	17 123 883
Distressed assets	-	-	27 047 498	27 047 498
Total	**639 984 811**	**17 123 883**	**27 047 498**	**684 156 192**
ECL allowance	**(8 662 483)**	**(2 256 359)**	**(4 097 408)**	**(15 016 250)**
Carrying amount	**631 322 328**	**14 867 524**	**22 950 090**	**669 139 942**

December 31, 2019

(In thousands UZS)	**Stage 1** 12-month ECL	**Stage 2** Lifetime expected credit losses for assets that are not credit-impaired.	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
Loans to customers at amortised cost – SME				
Not overdue	1 065 495 405	19 861 131	46 414 090	**1 131 770 626**
Overdue less than 30 days	293 067	3 209 999	464 604	**3 967 670**
Overdue 30-90 days	-	14 452 900	955 248	**15 408 148**
Overdue 91-180 days	-	-	18 678 181	**18 678 181**
Overdue 181-360 days	-	-	3 775 954	**3 775 954**
Overdue more than 360 days	-	-	5 161 225	**5 161 225**
Total	**1 065 788 472**	**37 524 030**	**75 449 302**	**1 178 761 804**
ECL allowance	**(15 395 178)**	**(4 670 253)**	**(36 037 803)**	**(56 103 234)**
Carrying amount	**1 050 393 294**	**32 853 777**	**39 411 498**	**1 122 658 570**

December 31, 2018

(In thousands UZS)	**Stage 1** 12-month ECL	**Stage 2** Lifetime expected credit losses for assets that are not credit-impaired.	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
Loans to customers at amortised cost – SME				
Not overdue	1 102 705 169	1 936 459	-	1 104 641 628
Overdue less than 30 days	-	3 510 057	1 878 105	5 388 162
Overdue 30-90 days	-	2 951 983	4 308 208	7 260 191
Overdue 91-180 days	-	-	30 726 844	30 726 844
Overdue 181-360 days	-	-	39 825 463	39 825 463
Overdue more than 360 days	-	-	36 836 183	36 836 183
Total	**1 102 705 169**	**8 398 499**	**113 574 803**	**1 224 678 471**
ECL allowance	**(18 698 022)**	**(1 368 933)**	**(22 212 920)**	**(42 279 875)**
Carrying amount	**1 084 007 147**	**7 029 566**	**91 361 883**	**1 182 398 596**

December 31, 2019

(In thousands UZS)	**Stage 1** 12-month ECL	**Stage 2** Lifetime expected credit losses for assets that are not credit-impaired.	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
Loans to customers at amortised cost – individuals				
Not overdue	895 782 506	874 757	3 030 070	899 687 333
Overdue less than 30 days	28 040	7 984 049	921 891	8 933 980
Overdue 30-90 days	417 415	4 159 865	927 595	5 504 875
Overdue 91-180 days	-	-	1 085 436	1 085 436
Overdue 181-360 days	-	-	354 448	354 448
Overdue more than 360 days	-	-	-	-
Total	**896 227 961**	**13 018 671**	**6 319 440**	**915 566 072**
ECL allowance	**(5 559 551)**	**(692 561)**	**(2 049 627)**	**(8 301 739)**
Carrying amount	**890 668 410**	**12 326 110**	**4 269 813**	**907 264 333**

December 31, 2018

(In thousands UZS)	**Stage 1** 12-month ECL	**Stage 2** Lifetime expected credit losses for assets that are not credit-impaired.	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
Loans to customers at amortised cost – individuals				
Not overdue	579 410 552	1 962 503	-	581 373 055
Overdue less than 30 days	-	742 960	-	742 960
Overdue 30-90 days	-	1 447 390	6 449	1 453 839
Overdue 91-180 days	-	-	1 789 997	1 789 997
Overdue 181-360 days	-	-	1 083 950	1 083 950
Overdue more than 360 days	-	-	778 208	778 208
Total	**579 410 552**	**4 152 853**	**3 658 604**	**587 222 009**
ECL allowance	**(3 525 016)**	**(495 450)**	**(1 943 976)**	**(5 964 442)**
Carrying amount	**575 885 536**	**3 657 403**	**1 714 628**	**581 257 567**

Changes in assumption for calculation of ECL allowance

Changes in these estimates may affect impairment allowance of loans to corporate customers, loans to SME and loans to individuals. For example, an increase/decrease in net present value of expected cash flows by one percent will result in decrease/increase in the amount of ECL allowance for loans to corporate clients as at December 31, 2019 by UZS 10 917 515 thousand (2018: UZS 6 691 399 thousand), decrease/increase in the amount of ECL allowance for loans to SME by UZS 11 226 586 thousand (2018: UZS 11 823 986 thousand) and decrease/increase in the amount of ECL allowance for loans to individuals by UZS 9 072 643 thousand (2018: UZS 5 812 576 thousand).

9 Assets held for sale

The Bank's assets accounted for as held for sale are as follows:

(In thousands UZS)	**December 31, 2019**	**December 31, 2018**
Other property	8 041 500	16 545 376
Total net assets held for sale	**8 041 500**	**16 545 376**

As at December 31, 2019 and December 31, 2018, other property comprises buildings (property pledged under loans to customers) acquired by transferring of ownership to the Bank by a court decision or by amicable agreement. The Bank plans to sell existing other property for not less than its carrying amount.

10 Property, equipment and intangible assets

The movements in property, equipment and intangible assets as at December 31, 2019 are as follows:

(In thousands UZS)	**Buildings and other structures**	**Furniture and equipment**	**Vehicles**	**Other**	**Total property and equipment**	**Intangible assets**
Carrying amount at December 31, 2018	**202 193 986**	**33 312 416**	**670 881**	**239 790 859**	**475 968 142**	**8 655 917**
Cost						
Balance as at December 31, 2018	**208 878 302**	**77 322 959**	**3 023 746**	**239 933 780**	**529 158 787**	**13 666 299**
Additions	40 628 772	100 722 880	20 241 987	62 058 596	223 652 235	8 135 345
Disposal	(9 774 585)	(645 501)	(531 393)	(2 849 946)	(13 801 425)	-
Write-off of accrued depreciation	(13 061 915)	-	-	-	(13 061 915)	-
Revaluation	(9 628 024)	-	-	-	(9 628 024)	-
Balance as at December 31, 2019	**217 042 550**	**177 400 338**	**22 734 340**	**299 142 430**	**716 319 658**	**21 801 644**
Accumulated depreciation						
Balance as at December 31, 2018	**6 684 316**	**44 010 543**	**2 352 865**	**142 921**	**53 190 645**	**5 010 382**
Accrued depreciation and amortisation	6 752 841	17 303 111	1 557 065	-	25 613 017	2 660 333
Disposal	(375 242)	(638 822)	(315 809)	-	(1 329 873)	-
Write-off of accrued depreciation	(13 061 915)	-	-	-	(13 061 915)	
Balance at December 31, 2019	**-**	**60 674 832**	**3 594 121**	**142 921**	**64 411 874**	**7 670 715**
Carrying amount at December 31, 2019	**217 042 550**	**116 725 506**	**19 140 219**	**298 999 509**	**651 907 784**	**14 130 929**

The movements in property, equipment and intangible assets as at December 31, 2018 are as follows:

(In thousands UZS)	Buildings and other structures	Furniture and equipment	Vehicles	Other	Total property, plant and equipment	Intangible assets
Carrying amount at December 31, 2017	**197 944 442**	**44 342 375**	**3 503 474**	**212 413 158**	**458 203 449**	**1 944 857**
Initial cost						
Balance as at December 31, 2017	244 778 298	75 708 349	6 381 765	212 566 073	539 434 485	5 318 470
Additions	178 606 725	1 931 460	14 439	28 895 533	209 448 157	8 353 454
Disposal	(214 506 721)	(316 850)	(3 372 458)	(1 527 826)	(219 723 855)	(5 625)
Revaluation	-	-	-	-	-	-
Balance as at December 31, 2018	**208 878 302**	**77 322 959**	**3 023 746**	**239 933 780**	**529 158 787**	**13 666 299**
Accumulated depreciation						
Balance as at December 31, 2017	**46 833 856**	**31 365 974**	**2 878 291**	**152 915**	**81 231 036**	**3 373 613**
Accrued depreciation and amortisation	9 128 406	13 039 675	877 890	-	23 045 971	1 637 294
Disposal	(49 277 946)	(395 106)	(1 403 316)	(9 994)	(51 086 362)	(525)
Balance as at December 31, 2018	**6 684 316**	**44 010 543**	**2 352 865**	**142 921**	**53 190 645**	**5 010 382**
Carrying amount as at December 31, 2018	**202 193 986**	**33 312 416**	**670 881**	**239 790 859**	**475 968 142**	**8 655 917**

As at December 31, 2019 an independent appraisal of fair value of buildings was carried out. The fair value of buildings was classified to Level 3 of the fair value hierarchy. The valuation was conducted by an independent professional appraisal firm, which has a recognised qualification and has relevant professional experience in valuation of property of a similar location and a similar category.

The measurement was performed using comparative and income approaches (direct capitalization method). Cost plus approach was not applied for valuation of real estate objects.
Application of comparative approach was based on the comparative analysis of market prices for offers of similar real estate objects (separate buildings and built-in premises). The cost of property and equipment was adjusted by main price-forming factors: depending on the status of the town, location in the town, size, technical condition, bargain discount, location at the building line, floor, availability of a separate entrance.
For direct income capitalization method the following assumptions were used:
- rental rates used by the appraiser were calculated based on the analysis of rental rates (rental offers) for comparative objects;
- when calculating the potential gross income the total area of the premises was used as a typical indicator for the analysed local non-residential real estate markets;
- the amount of capitalization rate that was used within the income approach, takes into account the number of population and the degree of development of the commercial real estate market in the towns where the valuation objects are situated, it varies as follows:
- UZS 2 861 thousand – average market rental rate for offices of A,B classes in regional areas;
- UZS 13 218 thousand - average market rental rate for offices of A,B classes in Tashkent;

For comparative method the following assumptions were used:

Average cost per sq. m. is UZS 3 321 thousand.

The increase/decrease in assumptions used by five percent will result in increase/decrease in cost of buildings by UZS 9 730 303 thousand

If the buildings had been recognised at historical costs, the carrying amount would have been as follows:

	December 31, 2019	December 31, 2018
Actual costs	195 899 332	196 817 813
Accumulated depreciation	(9 897 000)	(16 596 231)
Net historical cost	186 002 332	180 221 582

11 Other assets

Other assets include the following items:

(In thousands UZS)	**December 31, 2019**	**December 31, 2018**
Other financial assets		
Unrealised gain from SWAP operations	-	5 934 432
Accumulated commission and other receivables	1 113 718	3 794 150
Other financial assets	84 050	1 151 617
ECL allowance	(35 393)	(1 031 762)
Total other financial assets	**1 162 375**	**9 848 437**
Other non-financial assets		
Prepayment for equipment and goods	91 972 842	57 114 462
Advance payment for services	2 619 176	4 951 574
Settlements with employees	87 066	39 128
Other	595 871	2 152 266
Total other non-financial assets	**95 274 955**	**64 257 430**
Total other assets	**96 437 330**	**74 105 867**

The below tables present the analysis of movements in ECL allowance for other assets:

December 31, 2019

(In thousands UZS)	**Stage 1** 12-month ECL	**Stage 2** Lifetime expected credit losses for assets that are not credit-impaired.	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
ECL allowance as at the beginning of the period	**14 331**	**1 539**	**1 015 892**	**1 031 762**
Net (reversal) charge of ECL allowance	(14 331)	(1 539)	(980 501)	(996 371)
ECL allowance as at the end of the period	**-**	**-**	**35 391**	**35 391**

December 31, 2018

(In thousands UZS)	**Stage 1** 12-month ECL	**Stage 2** Lifetime expected credit losses for assets that are not credit-impaired.	**Stage 3** Lifetime expected credit losses for assets that are credit-impaired	**Total**
ECL allowance as at the beginning of the period	632	62 978	241 537	305 147
Net (reversal) charge of ECL allowance	13 699	(61 439)	774 335	726 615
ECL allowance as at the end of the period	**14 331**	**1 539**	**1 015 892**	**1 031 762**

The following table shows the fair value of currency SWAPs recorded as assets and their nominal amounts. The nominal amount is a sum of the underlying asset of the derivative and is the base by which changes in value of derivative financial instruments are estimated. Nominal amounts indicate the volume of transactions in circulation at the end of the year and do not present credit risk.

The following table shows the cost of currency SWAPs as at December 31, 2018:

(In thousands UZS)	**Nominal amount**	**Unearned income** Assets	Liabilities
SWAP, sell foreign currency	10 700 768	5 934 432	-
Total derivative financial instruments	**10 700 768**	**5 934 432**	

12 Amounts due to credit institutions

Amounts due to credit institutions include the following:

(In thousands UZS)	December 31, 2019	December 31, 2018
Funds payable to foreign banks	39 407 529	79 996 074
Term deposits	-	65 000 000
Loans and borrowings	52 356 667	14 300 000
Current accounts	5 012 850	6 219 155
Funds due to the CBU	4 839 936	87 569
Total amounts due to credit institutions	**101 616 982**	**165 602 798**

As at December 31, 2019, the Bank has no balances exceeding 10% of the Bank's equity (2018: HamkorBank AKB, UZS 65 000 000 thousand, interest rate 14% per annum).

As at December 31, 2019 funds from CBU include short-term loan from CBU in the amount of UZS 4 839 660 thousand (2018: UZS 86 873 thousand) and accrued interests in the amount of UZS 276 thousand (2018: UZS 696 thousand).

The following table shows information on loans and borrowings from credit institutions:

(In thousands UZS)	December 31, 2019	December 31, 2018
Ipoteka-Bank AKIB	43 700 000	-
Agrobank AKB	8 656 667	14 300 000
Total loans and borrowings	**52 356 667**	**14 300 000**

Ipoteka-Bank AKIB

On March 19, 2018, the Bank signed an agreement with Ipoteka-Bank AKIB on receiving credit facility in national currency in the total amount not exceeding UZS 56 700 000 thousand with maturity of 7 years. The annual interest rate on the loan is 5% per annum. The purpose of the loan is the sub-lending to small businesses and private entrepreneurship under the state programme "Every Family Is an Entrepreneur".

Agrobank AKB

On August 2, 2018, the Bank signed an agreement with Agrobank AKB on receiving credit facility in national currency in the total amount not exceeding UZS 14 300 000 thousand with maturity of 3 years. The annual interest rate on the loan is 3% per annum. The purpose of the loan is the sub-lending to small businesses and private entrepreneurship under the state programme "Every Family Is an Entrepreneur".

13 Amounts due to customers

Amounts due to customers comprise:

(In thousands UZS)	December 31, 2019	December 31, 2018
Legal entities		
Call deposits	1 352 628 219	1 744 868 058
Term deposits	771 326 297	433 915 616
Individuals		
Call deposits	465 408 227	308 797 309
Term deposits	1 978 024 372	1 686 341 111
Total customer accounts	**4 567 387 115**	**4 173 922 094**

In accordance with the legislation of the Republic of Uzbekistan, the Bank is obliged to provide the deposit amount at the first request of the depositor. In cases where a term deposit is returned to the depositor upon request before the expiry of the term, interest on the deposit is not paid or paid at a significantly lower interest rate, depending on the terms of agreement.

As at December 31, 2019, the Bank had three customers with the total amount exceeding 10% of the Bank's equity. The total balance on the accounts of three counterparties (2018: one customer) amounted to UZS 324 200 264 thousand (2018: UZS 108 076 139) or 7,1% (2018: 2,6%) of the total amount of funds of the Bank's customers.

The accounts of the following customer categories are included in amounts due to customers:

(In thousands UZS)	**December 31, 2019**	**December 31, 2018**
Corporate customers	1 895 896 997	2 051 285 480
Individuals	2 443 432 599	1 995 138 420
State and budget organizations	228 057 519	127 498 194
Total customer accounts	**4 567 387 115**	**4 173 922 094**

The breakdown of amounts due to customers by industries is provided below:

(In thousands UZS)	**December 31, 2019**	**December 31, 2018**
Individuals	2 443 432 599	1 995 138 420
Manufacturing	737 096 737	853 427 554
Trade and other services	671 766 147	879 164 060
Transport and telecommunications	275 234 970	72 509 682
Construction	148 043 001	127 022 943
Agriculture and food industry	22 417 780	5 523 190
Insurance	21 050 632	16 940 804
Investments in financial sector	11 598 860	17 229 489
Social funds	5 568 284	6 680 224
Other	231 178 105	200 285 728
Total customer accounts	**4 567 387 115**	**4 173 922 094**

14 Debt securities issued

Debt securities issued include the following items:

(In thousands UZS)	**December 31, 2019**	**December 31, 2018**
Bonds issued	-	1 770 000
Deposit certificates issued	-	2 850 000
Total debt securities issued	**-**	**4 620 000**

15 Finance lease liabilities

As at December 31, 2019, the Bank has a transaction on finance leaseback of buildings for total amount of UZS 5 365 518 thousand at 20% per annum.

Finance lease liabilities as at December 31, 2019 and December 31, 2018 are as follows:

December 31, 2019	**Up to 1 year**	**From 1 to 5 years**	**Total**
Minimum lease payments	1 082 710	6 591 641	7 674 351
Deferred finance expenses	(183 712)	(2 125 121)	(2 308 833)
Net finance lease liabilities	**898 998**	**4 466 520**	**5 365 518**

December 31, 2018	**Up to 1 year**	**From 1 to 5 years**	**Total**
Minimum lease payments	1 163 927	7 086 095	8 250 022
Deferred finance expenses	(197 493)	(2 312 616)	(2 510 109)
Net finance lease liabilities	**966 434**	**4 773 479**	**5 739 913**

16 Other borrowed funds

(In thousands UZS)	December 31, 2019	December 31, 2018
Subordinated loan	93 514 975	22 000 000
Long-term loans from non-banking financial institutions	49 149 784	31 040 310
Long-term loans payable to the government (for lending to low-income groups of population)	-	1 857 380
Total other borrowed funds	**143 767 722**	**54 897 690**

Subordinated debt is presents by long term loan from 9 different counterparties (2018: from 1 counterparty) in the amount of UZS 93 514 975 thousand (2018: UZS 22 000 000 thousand) at an interest rate for loans in UZS of 16%-21% per annum, for loans in USD at 5% per annum (2018: 18% per annum).

As at December 31, 2019, the Bank received long-term interest-free loans from the Fund for Financing State Development Programs and the Ministry of Finance of the Republic of Uzbekistan (2018: the Fund for Financing State Development Programs) in the amount of UZS 49 149 784 thousand (2018: UZS 31 040 310 thousand) for the Bank to participate in the state programs for financing the construction of new and reconstruction of the existing preschool educational institutions.

As at December 31, 2019, all other borrowed funds were received in UZS and USD (December 31, 2018: in UZS).

16 (a) Reconciliation of movements in other borrowed funds and cash flows from financing activities

		Cash flows			Non-cash flows		
(In thousands UZS)	December 31, 2018	Proceeds from borrowings	Repayment of borrowings	Interest paid	Interest accrued	Foreign exchange difference	December 31, 2019
Other borrowed funds	54 897 690	89 500 708	(754 000)	(9 157 701)	9 225 423	55 602	143 767 722

There were no repayments during 2018.

17 Other liabilities

Other liabilities comprise the following:

(In thousands UZS)	December 31, 2019	December 31, 2018
Other financial liabilities		
Accounts payable for services received	1 457 406	3 022 135
Settlements with employees	1 234 421	1 309 927
Other financial liabilities	230 578	300 717
Other financial liabilities	**2 922 405**	**4 632 779**
Other non-financial liabilities		
Other non-financial liabilities	715 352	194 480
ECL allowance for off-balance sheet commitments	1 232 974	1 023 866
Other non-financial liabilities	**1 948 326**	**1 218 346**
Total other liabilities	**4 870 731**	**5 851 125**

18 Share capital

The table below shows movements of issued, fully paid and outstanding shares:

	Number of shares, units	Nominal value, UZS	Total cost, UZS thousand	Total, including inflation
Balance as at January 1, 2018	**86 000 000**	**950**	**81 700 000**	**80 331 797**
Increase	25 296 900	950	24 032 055	24 032 055
Balance as at December 31, 2018	**111 296 900**	**950**	**105 732 055**	**104 363 852**
Increase	52 631 586	950	50 000 007	50 000 007
Balance as at December 31, 2019	**163 928 486**	**950**	**155 732 062**	**154 363 859**

As at December 31, 2019, the total number of authorized ordinary shares is 163 928 486 (2018: 111 296 900 ordinary shares); the nominal value of each share of both types is UZS 950. All authorized shares were issued and fully paid.

In accordance with the legislation of the Republic of Uzbekistan, only accumulated retained earnings according to the financial statements of the Bank prepared in accordance with the national accounting standards can be distributed as dividends among the shareholders of the Bank. The share capital of the Bank was formed from the contributions of the shareholders, and the shareholders have the right to receive dividends denominated in UZS. The additional paid-in capital is the amount of the share premium, by which the contributions to the capital exceeded the nominal value of the issued shares. As at December 31, 2019 and 2018, share premium was UZS 350 000 thousand.

During 2018, the Bank declared and paid dividends on ordinary and preferred shares. In 2019, dividends were not declared.

Dividend payment and other profit distribution are made on the basis of net income for the current year in the financial statements prepared in accordance with the legislation of the Republic of Uzbekistan. For the financial statements of the Bank presented to the CBU as required by the legislation of the Republic of Uzbekistan for the year ended December 31, 2019, net income is UZS 113 487 052 thousand (unaudited).

19 Net interest income

(In thousands UZS)	2019	2018
Interest income calculated using the effective interest rate		
Loans to customers	448 892 494	268 509 327
Amounts due from credit institutions	10 991 458	8 739 485
Total interest income calculated using the effective interest rate method	**459 883 952**	**277 248 812**
Other interest income		
Net investment in finance lease	9 506 690	10 332 496
Interest expenses		
Amounts due to customers	226 134 114	145 062 228
Amounts due to credit institutions	13 562 903	9 513 266
Finance lease liabilities	1 105 775	1 217 233
Other borrowed funds	9 397 048	545 670
Total interest expense	**250 199 840**	**156 338 397**
Net interest income	**219 190 802**	**131 242 911**

20 Net fee and commission income

(In thousands UZS)	**2019**	**2018**
Fee and commission income		
Settlement operations	97 111 517	85 867 775
Conversion	61 610 825	38 799 044
International cash transfers	45 754 289	33 751 531
Transactions with plastic cards	35 585 546	29 146 184
Cash operations	10 357 081	5 855 114
Commission on letters of credit	8 315 991	6 775 782
Guarantee commission	2 059 699	1 995 625
Commission on SWAP transactions	105 348	10 955 924
Other fee and commission income	3 595 952	2 298 748
Total fee and commission income	**264 496 248**	**215 445 727**
Fee and commission expense		
Transactions with plastic cards	17 298 037	12 002 830
Expenses on letters of credit	9 038 224	8 284 005
Cash collection services	6 169 709	6 515 605
Foreign currency translation and purchase	4 768 320	4 152 795
Foreign payments	4 834 511	3 110 508
Settlement operations	2 940 704	2 827 657
Other	4 391 827	2 178 540
Total fee and commission expense	**49 441 332**	**39 071 940**
Net fee and commission income	**215 054 916**	**176 373 787**

21 Net foreign exchange gain

Net foreign exchange gain comprises:

(In thousands UZS)	**2019**	**2018**
Loss from transactions with derivatives	(5 934 432)	(5 946 427)
Gain on transactions with foreign currency	12 710 345	17 778 379
(Loss) gain on revaluation of financial assets and liabilities	(6 351 911)	7 048 586
Net foreign exchange gain	**424 002**	**18 880 538**

22 Personnel and other operating expenses

(In thousands UZS)	2019	2018
Salaries and bonuses	95 155 202	59 231 813
Other employee benefits	17 118 982	9 582 145
Unified social payment	10 798 842	15 936 673
Total personnel expenses	**123 073 026**	**84 750 631**
Depreciation and amortisation	28 273 350	24 683 265
Membership fee	19 085 074	10 438 381
Stationery	10 206 348	8 712 617
Security	9 810 677	5 734 348
Repairs	8 449 470	7 132 174
Other taxes, other than income tax	6 921 648	25 757 113
Rent	6 878 020	5 621 029
Professional services	6 790 648	3 846 747
Communication	3 309 829	3 110 071
Loss on write-off of other assets	3 041 436	1 653 802
Advertising	2 382 385	7 851 679
Charity and sponsorship	1 791 741	2 267 760
Utilities	1 682 433	877 527
Fines and penalties	1 596 733	766 432
Vehicle maintenance costs	1 118 454	848 509
Travel expenses	1 069 306	1 960 957
Representative expenses	710 088	824 788
Insurance	125 320	873 426
Other	1 225 123	1 243 529
Total operating expenses	**237 541 109**	**198 954 785**

23 Income tax

The Bank calculates tax for the current period based on tax accounting data prepared in accordance with the requirements of the tax legislation of the Republic of Uzbekistan, which may differ from IFRS.

Differences between IFRS and the tax legislation of the Republic of Uzbekistan result in certain temporary differences between carrying amount of a number of assets and liabilities for the purpose of the Bank's financial statements preparation and income tax calculation.

Income tax is accrued in accordance with the Tax Code of the Republic of Uzbekistan. The current income tax rate for banks in 2019 was 20% (2018: 22%) of taxable profit.

In accordance with the tax legislation of the Republic of Uzbekistan, the Bank also pays other taxes and performs deductions related to its operating activities.

Deferred taxes represent net tax effect of temporary differences between the carrying amount of assets and liabilities for the purposes of the financial statements and the amount determined for tax accounting. Temporary differences as at December 31, 2019 and December 31, 2018 are mainly related to different accounting methods of income and expenses, as well as carrying amount of certain assets.

Tax effects of temporary differences as at December, 31 2019 and December 31, 2018 are as follows:

(In thousands UZS)	Balance as at January 1, 2019	Recognised in other comprehensive income	Recognised in profit or loss	Balance as at December 31, 2019
Loans to customers	14 082 685		(4 797 105)	9 285 580
Property and equipment	(6 776 426)	(4 470 294)	5 877 203	(5 369 517)
Amounts due from credit institutions	(3 428)		1 708 332	1 704 904
Other assets	2 665 462		1 264 657	3 930 119
Other liabilities	2 097 968		(2 507 040)	(409 072)
Total	**12 066 261**	**(4 470 294)**	**1 546 047**	**9 142 014**

(In thousands UZS)	Balance as at January 1, 2018	Recognised in other comprehensive income	Recognised in profit or loss	Balance as at December 31, 2018
Loans to customers	15 590 937	436 278	(1 944 530)	14 082 685
Property and equipment	(11 437 298)	-	4 660 872	(6 776 426)
Amounts due from credit institutions	-	-	(3 428)	(3 428)
Other assets	3 112 091	61 029	(507 658)	2 665 462
Other liabilities	1 633 841	-	464 127	2 097 968
Total	**8 899 571**	**497 307**	**2 669 383**	**12 066 261**

The ratio between tax expenses and income under accounting for the years ended December 31, 2019 and 2018 is as follows:

(In thousands UZS)	2019	2018
Profit before income tax	**105 185 609**	**108 711 857**
Tax at the statutory rate (20%) / (22%)	(21 037 122)	(23 916 609)
Surpluses on revaluation of disposed buildings	-	(16 587 056)
Non-deductible expenses	(1 787 829)	(3 948 917)
Income tax expense	**(22 824 951)**	**(44 452 582)**
Current income tax expenses	(24 371 000)	(47 121 964)
Deferred income tax benefit	1 546 047	2 669 382
Income tax expense	**(22 824 953)**	**(44 452 582)**

24 Earnings per share

The Bank’s shares are not traded in an active market. Therefore, disclosure on earnings per share is not presented in these IFRS financial statements.

25 Contingencies

25.1 Insurance

The Bank does not have full insurance coverage for its property and equipment, business operations interruption, or third parties liability in respect of property or environmental damage as a result of equipment malfunction or in connection with the Bank’s primary business. Until the Bank obtains adequate insurance coverage, there is a risk that the loss or damage of the assets could have a material adverse effect on the operating activities and financial position of the Bank.

25.2 Legal

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Bank.

25.3 Tax legislation

Currently in the Republic of Uzbekistan there are a number of legislative acts regulating the system of taxes paid to the republican and local state budgets. These taxes include value added tax, income tax, a number of taxes and social taxes. The tax legislation of the Republic of Uzbekistan is subject to varying interpretations and subject to frequent changes. Often there are different opinions on the interpretation of legislative acts, both between different authorities and within one authority (i.e. the State Tax Committee and its various inspections), which creates uncertainty and the ground for various disputes. Tax returns and other legal obligations (for example, aspects of customs and currency regulation) are subject to review and inspection by a number of agencies that are entitled by law to impose significant administrative penalties (including fines and penalties) and may take a more assertive position in the interpretation of legislation and verification of tax calculations. Therefore, tax authorities may challenge transactions and accounting methods that they did not dispute previously. This situation creates a greater probability of occurrence of tax risks in the Republic of Uzbekistan than, for example, in other countries with more developed taxation systems. Tax audits may cover five calendar years of activity immediately preceding the year of audit. Under certain conditions, earlier periods may be subject to audit.

As at December 31, 2019, management believes that it adheres to an adequate interpretation of the relevant legislation, and the Bank's position on tax, currency and customs issues will be supported by regulatory authorities.

25.4 Credit related commitments

The main purpose of these instruments is to ensure that funds are available to customers as required. The total amount of guarantee liabilities, letters of credit and unused loan facilities does not necessarily represent future cash requirements, as the expiration or cancellation of these liabilities may be possible without providing the borrower with funds. Nevertheless, there is a potential risk, therefore, in the statement of financial position, among other liabilities under guarantees, a provision was made for credit related commitments with respect to the guarantees provided, depending on the financial condition of the customer. With respect to commitments to extend loans and unused credit lines, the Bank is less exposed to the risk of losses, since in the event of impairment of loans issued, the Bank will not provide the remaining amounts, therefore the provision for these credit related commitments is null.

Outstanding credit-related commitments are as follows:

(In thousands UZS)	**December 31, 2019**	**December 31, 2018**
Letters of credit	39 071 383	627 954 976
Guarantees:	131 866 638	135 542 353
Financial guarantees	*113 218 398*	*70 518 532*
Performance guarantees	*18 648 240*	*65 023 821*
Commitments on loans	320 718	1 510 304
Credit related commitments	**171 258 739**	**765 007 633**
ECL allowance for credit-related commitments as at January 1	1 023 866	335 917
ECL allowance creation	209 108	687 949
Total ECL allowance for credit-related commitments	**1 232 974**	**1 023 866**

Principals under financial guarantee contracts are mainly large corporate customers (the Bank's borrowers) with low credit risk.

The table below shows the analysis of financial guarantees by credit quality as at December 31, 2019 and December 31, 2018:

(In thousands UZS)	**December 31, 2019**	**December 31, 2018**
Rated from A+ to A-	6 421 024	3 999 360
Rated from «BBB+ to BBB-»	73 218 411	45 604 381
Rated from BB+ to BB-	29 975 609	18 670 428
Rated from «B+ to B-»	3 603 354	2 244 363
Total financial guarantees	**113 218 398**	**70 518 532**

All balances are classified as Stage 1 of credit risk.

26 Related party transactions

For the purposes of these financial statements, the parties are considered to be related if one of them has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as stated in IAS 24 *Related Party Disclosures*. In considering all possible related party relationships, the economic content of such relationships is taken into account, and not only their legal form.

In the ordinary course of business, the Bank conducted transactions with its principal shareholders, managers, and other parties. These transactions include settlements, loans, deposits, guarantees, trade finance and foreign exchange transactions.

The table below shows balances with related parties and income accrued and expenses for the year:

	December 31, 2019		December 31, 2018	
(In thousands UZS)	**Related party transactions**	**Total as per FS categories**	**Related party transactions**	**Total as per FS categories**
Assets				
Loans to customers	**23 630 076**	**3 121 674 371**	**27 916 580**	**2 432 796 104**
Shareholders	22 425 252		17 886 943	
Other related parties	1 204 824		10 029 637	
Liabilities				
Amounts due to customers	**6 901 703**	**4 567 387 115**	**9 831 173**	**4 173 922 094**
Shareholders	1 203 678		217 912	
Other related parties	5 698 025		9 613 261	

Income and expenses

	December 31, 2019		December 31, 2018	
(In thousands UZS)	**Related party transactions**	**Total as per FS categories**	**Related party transactions**	**Total as per FS categories**
Interest income	**3 170 203**	**469 390 642**	**3 255 661**	**287 581 308**
Shareholders	3 064 966		1 528 733	
Other related parties	105 237		1 726 928	
Interest expenses	**68 028**	**250 199 840**	**348 982**	**156 338 397**
Other related parties	68 028		348 982	
Fee and commission income	**92 231**	**264 496 248**	**-**	**215 445 727**
Shareholders	92 231		-	
Key management personnel remuneration	**4 626 893**	**123 073 026**	**3 207 550**	**84 750 631**
Salary and other short-term employee benefits	4 131 154	-	2 566 040	-
Social security contributions	495 739	-	641 510	-

Loans to shareholders and other related parties were provided with the maturity from 1 to 5 years in UZS at 22% and 16% per annum, respectively. Amounts due to customers are presented by demand deposits placed in UZS.

Other related parties are management personnel of the Bank and their related parties.

27 Fair value

27.1 Fair value measurement procedures

The Investment Committee of the Bank determines policies and procedures for both periodic measurement of fair value, as in the case of unlisted securities available for sale, unlisted derivative financial instruments, investment properties and buildings, as well as for single measurement, as in the case of assets held for sale.

27.2 Fair value hierarchy

For the purpose of disclosing information about fair value, the Bank determined the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability, and the level in the hierarchy of sources of fair value.

The following is a measurement of the fair value of the Bank's financial instruments as at December 31, 2019:

	The fair value measurement				
(In thousands of UZS)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total per statement of financial position**
Financial assets					
Cash and cash equivalents	-	762 454 853	-	762 454 853	762 454 853
Amounts due from credit institutions	-	436 673 939	-	436 673 939	438 936 797
Loans to customers	-	-	2 935 752 466	2 935 752 466	3 121 674 371
Financial liabilities					
Amounts due to credit institutions	-	101 616 982	-	101 616 982	101 616 982
Amounts due to customers	-	4 523 259 047	-	4 523 259 047	4 567 387 115

The following is a measurement of the fair value of the Bank's financial instruments as at December 31, 2018:

	The fair value measurement				
(In thousands of UZS)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total per statement of financial position**
Financial assets					
Cash and cash equivalents	-	876 441 416	-	876 441 416	876 441 416
Amounts due from credit institutions	-	582 906 545	-	582 906 545	581 842 163
Loans to customers	-	-	2 045 915 312	2 045 915 312	2 432 796 104
Other assets	-	5 934 432	-	5 934 432	5 934 432
Financial liabilities					
Amounts due to credit institutions	-	165 602 798		165 602 798	165 602 798
Amounts due to customers	-	4 161 639 585	-	4 161 639 585	4 173 922 094

According to the Bank's estimates, fair values of other financial instruments measured at amortised cost, except for those disclosed in the tables above, do not differ significantly from their carrying amounts.

27.3 Valuation techniques and assumptions

The following describes the techniques and assumptions used to determine the fair value of assets and liabilities carried at fair value in the financial statements, as well as those that are not measured at fair value in the statement of financial position, but the fair value of which is disclosed.

Assets, the fair value of which approximates their carrying amount

In the case of financial assets and financial liabilities that are liquid or have a short maturity (less than three months), it is assumed that their fair value is approximately equal to the carrying amount. This assumption also applies to demand deposits and savings accounts without a specific maturity.

Financial assets and financial liabilities carried at amortised cost

The fair value of quoted bonds is based on quotations at the reporting date. The fair value of unquoted instruments, loans to customers, deposits of customers, amounts due from credit institutions, payables to the CBU, amounts due to credit institutions, other financial assets and liabilities, finance lease liabilities is estimated by discounting future cash flows using the rates currently available for debt with similar terms, credit risk and remaining maturities.

Property and equipment – buildings

The fair value of real estate was determined using the method of comparison with the market. This means that the appraisal made by the appraiser is based on the prices of market transactions that are significantly adjusted to take into account the differences in the nature, location or condition of a particular property item. As at the valuation date, December 31, 2019, the fair value of real estate was based on estimates made by the independent appraisal company LLC Grant Thornton Valuation under IFRS 13 *Fair Value Measurement.*

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that depends on the class of real estate. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Changes in these estimates could affect the value of property and equipment. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus three percent, the value of buildings as at December 31, 2019 would be UZS 6 511 276 thousand higher/lower (2018: UZS 6 070 638 thousand).

28 Capital management

In the management of capital, the Bank has the following objectives: compliance with capital requirements established by the CBU and, in particular, the requirements of the deposit insurance system; ensuring the Bank's ability to function as a going concern and maintaining the capital base at the level necessary to ensure the compliance of the capital adequacy ratio with the requirements of the CBU. The compliance with the capital adequacy ratio established by the CBU is monitored monthly according to the forecast and actual data containing the relevant calculations, which are verified and vetted by the Bank's Management.

According to the Regulation on the Requirements for the Adequacy of the Capital of Commercial Banks No. 2693 registered by the Ministry of Justice on July 6, 2015 and its supplement, the following requirements are set for banks:

- From January 1, 2019, the minimum level of K1 is set at 10,0%;
- From January 1, 2019, banks are required to ensure a minimum level of K2 of 13,0%, taking into account the capital conservation buffer of 3,0% of risk-weighted assets.

According to the supplement dated October 23, 2017 No. 2693-2, the requirement is set for existing banks to increase the minimum share capital to UZS 100 billion, which must be formed until January 1, 2019.

As at December 31, 2019 and December 31, 2018, the Bank met the requirements to regulatory capital set by the Regulation of the CBU On the Requirements for the Adequacy of the Capital of Commercial Banks No. 2693 (hereinafter referred to as "the CBU Regulation No. 2693") dated July 6, 2017.

The following table provides an analysis of the Bank's regulatory capital calculated based on the CBU Regulation No. 2693 (unaudited).

(In thousands of UZS)	**December 31, 2019**	**December 31, 2018**
Fully paid shares	155 732 062	105 732 055
Additional paid-in capital	350 000	350 000
Retained earnings	350 775 662	275 498 646
Intangible assets	(14 130 929)	(8 655 917)
Investments in the capital of non-consolidated economic entities	(70 220)	(70 220)
Adjusted Tier I capital	**492 656 575**	**372 854 564**
Adjusted Tier II capital	168 929 168	82 253 858
Adjusted total amount of capital based on risk	**661 585 743**	**455 108 422**
The amount of on- and off-balance sheet assets, risk-weighted	4 380 338 544	3 330 209 340
Operational risk	321 410 403	250 908 295
Market risk	16 735 363	5 955 882
Adjusted total assets, risk-weighted	**4 718 484 310**	**3 587 073 517**
Capital adequacy ratios:		
Tier I capital	10,44%	10,39%
Tier II capital	14,02%	12,69%

29 Risk management

The Bank's activities have inherent risks. The Bank manages risks in a continuous process of identification, assessment and monitoring, and through the establishment of risk limits and other internal control measures. The risk management process is critical to maintaining a stable profitability of the Bank, and each individual employee of the Bank is responsible for the risks associated with his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk, which in turn is divided into the risk associated with trading transactions and the risk associated with non-trading activities. The Bank is also exposed to operational risks.

The process of independent risk control does not affect the risks of doing business, such as changes in the environment, technology or changes in the industry. Such risks are controlled by the Bank during the strategic planning process.

Risk management structure

The overall responsibility for identifying and monitoring risks is the responsibility of the Supervisory Board, but there are also separate independent bodies that are responsible for managing and controlling risks.

Supervisory Board of the Bank

The Supervisory Board is responsible for the overall approach to risk management, for the adoption of a strategy and principles for risk management.

Management Board

The responsibility of the Management Board is to monitor the risk management process in the Bank.

Risk Committee

The Risk Committee has overall responsibility for developing a risk management strategy and introducing principles, concepts, policies and risk limits. It is responsible for the significant issues of risk management and controls the implementation of relevant decisions taken with respect to risks.

Risk management

The risk management unit is responsible for implementing and conducting procedures related to risk management in order to ensure an independent monitoring process.

Risk control

The Risk Control Unit is responsible for monitoring of compliance with the Bank's principles, risk management policies, and risk limits.

Treasury of the Bank

The Bank's Treasury is responsible for managing the Bank's assets and liabilities, as well as for the overall financial structure. The Treasury also has primary responsibility for liquidity risk, financing risk and market risk of the Bank.

Internal audit

Risk management processes within the Bank are audited annually by the Internal Audit Department, which verifies both the sufficiency of the procedures and the implementation of these procedures by the Bank. The Internal Audit Department discusses the results of the inspections with management and presents its findings and recommendations to the Audit Committee.

Risk assessment and risk communication systems

The Bank's risks are estimated using a method that reflects both the expected loss, which is likely to be incurred in the ordinary course of business, and unforeseen losses, which are an estimate of the largest actual losses based on statistical models. The models use the probabilities obtained from past experience and adjusted for economic conditions. The Bank also simulates the "worst-case scenarios" that will occur in case of events that are considered unlikely.

Risk monitoring and control are mainly based on the limits set by the Bank. Such limits reflect the business strategy and market conditions in which the Bank operates, as well as the level of risk that the Bank is prepared to accept, with particular attention being paid to individual industries. In addition, the Bank monitors and evaluates its overall ability to bear risks in relation to the aggregate position for all types of risks and transactions.

Information obtained on all types of activities is studied and processed for the purpose of analysis, control and early detection of risks. This information is provided with explanations to the Management Board, the Risk Committee and the heads of each of the units. The report contains information on the aggregate amount of credit risk, projected credit indicators, exceptions to established risk limits, liquidity ratios and changes in the level of risk. On a quarterly basis, senior management determines the need to create an allowance for credit losses. The Board receives a detailed quarterly risk report containing all the necessary information to assess the Bank's risks and make appropriate decisions.

For all levels of the Bank, various risk reports are compiled that are distributed to ensure that all units of the Bank have access to extensive, relevant and up-to-date information.

Risk reduction

As part of its risk management, the Bank uses derivatives and other instruments to manage positions arising from changes in interest rates, exchange rates, credit risk, and positions on forecast transactions.

The Bank actively uses collateral to reduce its credit risk (more information is disclosed below).

Excessive risk concentrations

Risk concentrations arise when a number of counterparties carry out similar activities, or operate in the same geographic region, or counterparties have similar economic characteristics, and changes in economic, political and other conditions have a similar effect on the ability of these counterparties to perform contractual obligations.

Risk concentrations reflect the relative sensitivity of the Bank's performance to changes in conditions that affect a particular industry or geographic region.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include special principles aimed at maintaining a diversified portfolio. The identified risk concentrations are managed.

29.1 Credit risk

The Bank assumes credit risk, namely the risk that the counterparty will not be able to fully pay the debt in a timely manner. The Bank monitors credit risk by setting limits for one borrower or a group of related borrowers, as well as by industry segments. The Bank regularly monitors such risks; limits are revised annually.

Risk reduction and limitation policy

The Bank manages, sets limits and monitors the concentration of credit risk wherever it is identified - in particular, with respect to individual counterparties and groups, and for industries.

The Bank monitors credit risk by setting limits for one borrower or a group of related borrowers, and by setting limits on geographical and industry segments. Such risks are monitored regularly, and the limits are reviewed at least once a year.

Exposure to credit risk is managed through a regular analysis of the borrowers' and potential borrowers' ability to meet their obligations to repay interest and principal and, if necessary, by changing credit limits.

The following are other specific methods of control and measures to reduce credit risk.

(a) Limits. The Bank has established several credit committees that approve credit limits for individual borrowers:

- The Board of the Bank reviews and approves credit limits in the amount of up to 25% of Tier 1 capital;
- The Credit Committee of the Head Office reviews and approves credit limits in the amount of up to 10% of Tier 1 capital;
- Credit committees of the Bank's branches review and approve loans within the limits approved by the Credit Committee of the Head Office.

Credit applications together with financial analysis of a potential borrower, which includes analysis of liquidity, profitability, interest coverage ratio and debt service ratio prepared by the relevant client managers, are submitted to the Branch Credit Committee, the Credit Committee or the Board of the Bank for approval of the credit limit.

(b) Collateral. The Bank uses a number of techniques and practices to reduce credit risk. The most traditional one of these is the receipt of collateral for loans issued, which is a common practice. The Bank applies instructions on the acceptability of specific groups of collateral or credit risk mitigation.

Below are the main types of collateral for loans and advances:

- Pledge of property;
- Guarantees / sureties;
- Insurance of credit risk;
- Cash;
- Other types of collateral that do not contradict the current legislation.
  inventories;

The collateral available as a guarantee for financial assets other than loans and advances is determined by the type of the instrument. Debt securities, treasury bonds and other eligible securities usually do not have collateral.

(c) Concentration of risks of financial assets exposed to credit risk.

The Bank's management draws attention to the risk concentration:

- The maximum concentration for one borrower or a group of borrowers should not exceed 25% of the Bank's Tier 1 capital;
- The maximum concentration on unsecured loans should not exceed 5% of the Bank's Tier 1 capital;
- The total amount of all large loans should not exceed 8 times the size of the Bank's Tier 1 capital;
- The total amount of loans to a related party should not exceed the Bank's Tier 1 capital.

Policy of impairment and creation of allowance.

For the purpose of preparing the financial statements, allowances for impairment are recognised only for losses incurred as at the reporting date, based on objective evidence of impairment. Due to the fact that different methods are applied, the amount of losses incurred on loans presented in the financial statements is usually lower than the amount determined according to the expected loss model used for internal management of activities and compliance with bank instructions.

The internal measurement framework allows management to determine whether there is objective evidence of impairment under IFRS 9, based on the following criteria established by the Bank:

- Delinquency of contractual repayment of principal and interest;
- Difficulties experienced by the borrower in respect of the cash flow (for example, the autonomy ratio, the share of net profit in the sales amount);
- Violation of loan agreements or conditions;
- Initiation of bankruptcy procedures;
- Impairment of collateral value.

The Bank's policy requires inspection of individual financial assets that are above a certain threshold of materiality, at least once a year or more, subject to certain circumstances. Allowances for impairment under individually assessed accounts are determined by estimating the loss incurred at the reporting date for each specific case and applied to all individually significant accounts. The valuation usually covers the collateral (including evidence of recovery) and the expected receipt of payments under this individual account.

The maximum level of credit risk of the Bank may vary significantly depending on the individual risks inherent in specific assets and general market risks.

The Bank analyses loans by maturity and subsequently controls overdue balances. Therefore, management presents data on arrears and other information about credit risk.

Credit risk for off-balance sheet financial instruments is defined as a probability of losses as a result of another party to a financial instrument transaction failing to fulfil the contractual terms. The Bank applies the same credit policy for contingent liabilities as for balance sheet financial instruments, based on procedures for approving transactions, using risk control limits and monitoring.

The Bank's credit rating is defined only for amounts due from credit institutions and loans to customers (Notes 6, 7, 8).

Operations of the banking sector as a whole are subject to credit risk arising from financial instruments and contingent liabilities. The Bank's credit risk is concentrated in the Republic of Uzbekistan. The degree of credit risk is constantly monitored in order to ensure compliance with credit and creditworthiness limits in accordance with the Bank's risk management policy.

29.2 Geographical risk

The following table shows the geographical analysis of the Bank's assets and liabilities as at December 31, 2019:

(In thousands of UZS)	**Uzbekistan**	**OECD countries**	**Other countries**	**Total**
Financial assets				
Cash and cash equivalents	850 413 270	130 568 890	34 211 589	1 015 193 749
Amounts due from credit institutions	375 496 688	63 440 109	-	438 936 797
Loans to customers	3 121 674 371	-	-	3 121 674 371
Investment financial assets	70 220	-	-	70 220
Other financial assets	1 162 375	-	-	1 162 375
Total financial assets	**4 348 816 924**	**194 008 999**	**34 211 589**	**4 577 037 512**
Financial liabilities				
Amounts due to credit institutions	57 972 814	1 514 552	42 129 616	101 616 982
Amounts due to customers	4 567 387 115	-	-	4 567 387 115
Debt securities issued	-	-	-	-
Other borrowed funds	143 767 722	-	-	143 767 722
Other financial liabilities	2 922 405	-	-	2 922 405
Total financial liabilities	**4 772 050 056**	**1 514 552**	**42 129 616**	**4 815 694 224**
Net position on financial assets and liabilities	**(423 233 132)**	**192 494 447**	**(7 918 027)**	**(238 656 712)**

The following table shows the geographical analysis of the Bank's assets and liabilities as at December 31, 2018:

(In thousands of UZS)	**Uzbekistan**	**OECD countries**	**Other countries**	**Total**
Financial assets				
Cash and cash equivalents	1 172 566 958	14 579 524	14 748 794	1 201 895 276
Amounts due from credit institutions	210 182 478	371 659 610	75	581 842 163
Loans to customers	2 432 796 104	-	-	2 432 796 104
Investment financial assets	70 220	-	-	70 220
Other financial assets	9 848 437	-	-	9 848 437
Total financial assets	**3 825 464 197**	**386 239 134**	**14 748 869**	**4 226 452 200**
Financial liabilities				
Amounts due to credit institutions	79 387 569	86 086 295	128 934	165 602 798
Amounts due to customers	4 173 922 094	-	-	4 173 922 094
Debt securities issued	4 620 000	-	-	4 620 000
Other borrowed funds	54 897 690	-	-	54 897 690
Other financial liabilities	5 656 645	-	-	5 656 645
Total financial liabilities	**4 318 483 998**	**86 086 295**	**128 934**	**4 404 699 227**
Net position on financial assets and liabilities	**(493 019 801)**	**300 152 839**	**14 619 935**	**(178 247 027)**

29.3 Liquidity risk

Liquidity risk arises when the maturities of claims under active transactions does not coincide with maturities under passive transactions. The Bank is exposed to the risk due to the daily need to use available cash for settlement of customer accounts, maturing deposits, loans, payments under guarantees and derivative financial instruments that are settled in cash. The Bank does not accumulate cash in the event of a one-time fulfilment of obligations under all the above requirements, since, based on the existing practice, it is possible to predict with sufficient accuracy the necessary level of funds to fulfil these obligations. Liquidity risk is controlled by the Bank’s Treasury.

Liquidity management of the Bank requires an analysis of the level of liquid assets necessary to settle liabilities when they mature; access to various sources of funding; availability of plans in the event of problems with financing and monitoring the compliance of balance sheet liquidity ratios with legislative requirements.

The Treasury ensures the availability of an adequate portfolio of short-term liquid assets, deposits in banks and other inter-bank instruments, and regulates the established limits for short-term investments in loans (up to 30 days) to maintain sufficient liquidity levels for the Bank as a whole.

The Treasury monitors the daily liquidity position and regularly conducts stress testing for liquidity under different scenarios covering standard and more unfavourable market conditions.

Where the amount payable is not fixed, the amount is determined based on the conditions existing at the reporting date. Foreign exchange payments are translated using the spot exchange rate at the end of the reporting period.

The analysis of liquidity risk and interest rate risk as at December 31, 2019 is presented in the following table:

(In thousands of UZS)	On demand and less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Past due	Total
As at December 31, 2019							
Financial assets							
Cash and cash equivalents	102 484 154	-	-	-	-	-	102 484 153
Amounts due from credit institutions	1 222 814	95 012 393	10 618 784	9 201 840	-	-	116 055 831
Loans to customers	5 026 894	28 840 546	580 534 051	2 134 642 553	353 837 294	18 793 033	3 121 674 371
Total interest-bearing financial assets	**108 733 861**	**123 852 939**	**591 152 835**	**2 143 844 393**	**353 837 294**	**18 793 033**	**3 340 214 355**
Cash and cash equivalents	912 709 596	-	-	-	-	-	912 709 596
Amounts due from credit institutions	274 807 845	5 520 596	42 552 525	-	-	-	322 880 966
Other financial assets	1 162 375	-	-	-	-	-	1 162 375
Total financial assets	**1 297 413 677**	**129 373 535**	**633 705 360**	**2 143 844 393**	**353 837 294**	**18 793 033**	**4 576 967 292**
Financial liabilities							
Amounts due to credit institutions	1 334 440	8 508 262	29 564 827	8 656 667	43 700 000	-	91 764 196
Amounts due to customers	40 315 386	115 459 993	1 167 989 375	1 399 048 689	26 537 226	-	2 749 350 669
Other borrowed funds	34 796	-	-	28 468 167	66 114 976	-	94 617 939
Total interest-bearing financial liabilities	**41 684 622**	**123 968 255**	**1 197 554 202**	**1 436 173 523**	**136 352 202**	**-**	**2 935 732 804**
Amounts due to credit institutions	5 013 126	4 839 660	-	-	-	-	9 852 786
Amounts due to customers	1 818 036 446	-	-	-	-	-	1 818 036 446
Other borrowed funds	-	-	-	-	49 149 783	-	49 149 783
Other financial liabilities	-	1 457 406	1 464 999	-	-	-	2 922 405
Total financial liabilities	**1 864 734 194**	**130 265 321**	**1 199 019 201**	**1 436 173 523**	**185 501 985**	**-**	**4 815 694 224**
Difference between financial assets and liabilities	**(567 320 517)**	**(891 786)**	**(566 313 841)**	**707 670 870**	**168 335 309**	**18 793 033**	**(238 726 932)**

The analysis of liquidity risk and interest rate risk as at December 31, 2018 is presented in the following table:

(In thousands of UZS)	On demand and less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Past due	Total
As at December 31, 2018							
Financial assets							
Cash and cash equivalents	66 716 400	-	-	-	-	-	66 716 400
Amounts due from credit institutions	-	-	-	10 526 752	-	-	10 526 752
Loans to customers	12 292 305	14 756 294	405 352 622	1 695 918 506	285 150 552	19 325 825	2 432 796 104
Total interest-bearing financial assets	**79 008 705**	**14 756 294**	**405 352 622**	**1 706 445 258**	**285 150 552**	**19 325 825**	**2 510 039 256**
Cash and cash equivalents	1 135 178 876	-	-	-	-	-	1 135 178 876
Amounts due from credit institutions	187 380 741	-	383 934 670	-	-	-	571 315 411
Other financial assets	3 914 005	-	5 934 432	-	-	-	9 848 437
Total financial assets	**1 405 482 327**	**14 756 294**	**795 221 724**	**1 706 445 258**	**285 150 552**	**19 325 825**	**4 226 381 980**
Financial liabilities							
Amounts due to credit institutions	60 281 093	65 000 000	-	40 192 771	-	-	165 473 864
Amounts due to customers	210 092 145	543 388 368	736 395 503	620 637 963	9 742 748	-	2 120 256 727
Debt securities issued	1 300 000	-	-	3 320 000	-	-	4 620 000
Other borrowed funds	-	-	-	1 857 380	22 000 000	-	23 857 380
Total interest-bearing financial liabilities	**271 673 238**	**608 388 368**	**736 395 503**	**666 008 114**	**31 742 748**	**-**	**2 314 207 971**
Amounts due to credit institutions	128 934	-	-	-	-	-	128 934
Amounts due to customers	2 053 665 367	-	-	-	-	-	2 053 665 367
Other borrowed funds	-	-	-	-	31 040 310	-	31 040 310
Other financial liabilities	-	3 022 135	2 634 510	-	-	-	5 656 645
Total financial liabilities	**2 325 467 539**	**611 410 503**	**739 030 013**	**666 008 114**	**62 783 058**	**-**	**4 404 699 227**
Difference between financial assets and liabilities	**(919 985 212)**	**(596 654 209)**	**56 191 711**	**1 040 437 144**	**222 367 494**	**19 325 825**	**(178 317 247)**

The Bank constantly fulfils its obligations and does not delay payments related to customer accounts. The Bank's highly liquid assets amounted to UZS 1 015 193 749 thousand as at December 31, 2019. Customers' demand deposits are the Bank's main source of funding for active operations and a factor of resource base stability. The volume of the Bank's demand deposits is kept at an acceptable level of UZS 1 179 537 148 thousand as at the end of 2017, UZS 1 730 194 578 thousand as at the end of 2018 and UZS 1 779 580 494 thousand as at the end of 2019, while the annual growth is ensured. The average balance on these deposits has not decreased below UZS 1 trillion over the last 2 years. Thus, the Bank's management considers the amount of liquidity to be adequate.

Also, customers' term deposits are the Bank's main source of funding for active transactions and a factor of resource base stability. The Bank intends to provide for annual growth of deposits at a level not lower than the market average. The Bank continues to introduce deposit products for the population and legal entities on a long-term basis.

For the operational management of liquidity risk, the Bank regularly monitors external factors that can influence the level of the Bank's liquidity and makes a forecast of payment flows. For medium-term and long-term liquidity risk management, the Bank analyses the gap in maturities of claims and liabilities. The Bank continues to increase the volume of investments in short-term types of credit products and reduce the practice of granting grace periods for corporate loans. In order to maintain the required level of liquidity, the Bank can raise additional funds in the interbank lending market. Diversification of liquidity sources helps to minimise the Bank's dependence on one source and ensure complete fulfilment of its obligations.

In the opinion of the Bank's management, the mismatching of the terms of placement and redemption and interest rates of assets and liabilities is a temporary factor. In banks, as a rule, there is no complete matching in these positions, since transactions often have undetermined maturities and different character.

The liquidity requirements for guarantees and letters of credit are significantly lower than the amount of the respective liabilities, as the Bank does not normally expect that funds under these liabilities will be claimed by third parties. The total amount of contractual obligations for the provision of loans does not necessarily represent the amount of money that will be required in the future, since many of these obligations may be unclaimed or terminated before the end of their term of validity.

The following table shows the undiscounted cash flows on financial liabilities and credit related commitments on the basis of their earliest possible contractual maturity. The total cash outflow disclosed in the tables is the contractual, undiscounted cash flow on financial liabilities or credit related commitments. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

December 31, 2019

(In thousands of UZS)	On demand and less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total cash outflow	Carrying amount
Amounts due to credit institutions	6 347 567	13 347 922	29 564 826	9 065 783	57 614 031	**115 940 129**	**101 616 982**
Amounts due to customers	1 906 173 544	125 552 346	1 297 830 379	1 762 113 571	57 515 130	**5 149 184 970**	**4 567 387 115**
Debt securities issued	-	-	-	-	-	**-**	**-**
Other borrowed funds	34 796	-	-	49 461 101	182 683 819	**232 179 716**	**143 767 722**
Total financial liabilities	**1 912 555 907**	**138 900 268**	**1 327 395 205**	**1 820 640 455**	**297 812 980**	5 497 304 815	4 812 771 819
Credit related commitments	**171 258 739**	-	-	-	-	**171 258 739**	**171 258 739**

December 31, 2018

(In thousands of UZS)	On demand and less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total cash outflow	Carrying amount
Amounts due to credit institutions	60 410 027	65 822 740	-	41 459 790	-	**167 692 557**	**165 602 798**
Amounts due to customers	2 276 736 540	580 018 150	803 529 924	769 285 967	21 018 398	**4 450 588 979**	**4 173 922 094**
Debt securities issued	1 300 000	-	3 021 570	470 000	-	**4 791 570**	**4 620 000**
Other borrowed funds	-	-	22 190 667	7 760 078	45 597 612	**75 548 357**	**59 517 690**
Total financial liabilities	**2 338 446 567**	**645 840 890**	**828 742 161**	**818 975 835**	**66 616 010**	4 698 621 463	4 403 662 582
Credit related commitments	**765 007 633**	**-**	**-**	**-**	**-**	765 007 633	765 007 633

29.4 Market risk

The Bank is exposed to the market risk associated with the presence of open positions on interest rates, currency instruments subject to general and specific market fluctuations. The Bank manages market risk by periodically assessing potential losses that may arise as a result of negative changes in the market situation, as well as establishing and maintaining adequate limits on the amount of allowable losses and claims on the rate of return and collateral.

29.5 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or fair values of financial instruments. The Bank believes that the impact is insignificant due to the fact that all financial assets and liabilities have fixed interest rates.

29.6 Currency risk

The Bank assumes exposure to the effects of exchange rate fluctuations on its financial position and cash flows. The Bank sets limits on the level of accepted risk in terms of currencies and in general, both at the end of each day and within a single day, and monitors their compliance on a daily basis.

The Bank measures its currency risk:

- Net currency position for each currency should not exceed 10% of the regulatory capital of the Bank; and
- Total net currency position in all currencies should not exceed 15% of the regulatory capital of the Bank.

According to the Decree of the President of the Republic of Uzbekistan *On Priority Measures for the Liberalization of Currency Policy* No. 5177 dated September 2, 2017, in order to increase the efficiency of foreign currency resources flows on the basis of market principles, to create a favourable investment and business climate for attracting foreign investment, to enhance the stimulating role of the currency policy in foreign trade, the exchange rate of the national currency in relation to foreign currencies is established in the interbank electronic trading of the currency exchange solely on the basis of supply and demand. On September 5, 2017 a devaluation of the national currency UZS was carried out, the exchange rate of 1 (one) US dollar equated UZS 8 100 (before the devaluation: UZS 4 210,35). The changes in the exchange rate adversely affected the Bank's financial statements and resulted in a significant foreign exchange loss from the revaluation of foreign exchange items through profit or loss and other comprehensive income.

The table below summarises the Bank's exposure to currency risk as at December 31, 2019. The Bank's financial assets and liabilities are shown in the table at the carrying amounts by major currencies. This analysis is based on the financial statements prepared in accordance with IFRS and differs from the Bank's currency position used to manage currency risks for regulatory purposes.

(In thousands of UZS)	**UZS**	**US Dollar**	**Euro**	**Other currencies**	**Total**
Financial assets					
Cash and cash equivalents	540 092 277	331 826 873	121 543 952	21 730 647	1 015 193 749
Amounts due from credit institutions	271 071 625	157 781 130	10 084 042	-	438 936 797
Loans to customers	1 720 773 016	1 384 427 854	16 473 501	-	3 121 674 371
Other financial assets	1 082 045	76 106	4 224	-	1 162 375
Total financial assets	**2 533 018 963**	**1 874 111 963**	**148 105 719**	**21 730 647**	**4 576 967 292**
Financial liabilities					
Amounts due to credit institutions	58 077 778	40 807 786	2 731 418	-	101 616 982
Amounts due to customers	2 373 984 085	2 023 972 179	149 514 788	19 916 063	4 567 387 115
Bonds issued	-	-	-	-	-
Other borrowed funds	139 485 356	4 282 366	-	-	143 767 722
Other financial liabilities	2 922 405	-	-	-	2 922 405
Total financial liabilities	**2 575 469 624**	**2 069 062 331**	**152 246 206**	**19 916 063**	**4 815 694 224**
Net balance sheet position on financial assets and liabilities	**(41 450 661)**	**(194 950 368)**	**(4 140 487)**	**1 814 584**	**(238 726 932)**
Derivative financial instruments	**(666 146)**	**666 146**	**-**	**-**	**-**
Net position	**(42 116 807)**	**(194 284 222)**	**(4 140 487)**	**1 814 584**	**(238 726 932)**

The table below summarises the Bank's exposure to currency risk as at December 31, 2018.

(In thousands of UZS)	**UZS**	**US dollar**	**Euro**	**Other currencies**	**Total**
Financial assets					
Cash and cash equivalents	434 856 184	731 692 468	27 662 086	7 684 538	1 201 895 276
Amounts due from credit institutions	210 025 644	366 319 322	5 497 197	-	581 842 163
Loans to customers	1 652 059 677	729 092 063	51 644 364	-	2 432 796 104
Other financial assets	6 503 531	3 305 108	3 306	36 492	9 848 437
Total financial assets	**2 303 445 036**	**1 830 408 961**	**84 806 953**	**7 721 030**	**4 226 381 980**
Financial liabilities					
Amounts due to credit institutions	79 432 799	86 169 999	-	-	165 602 798
Amounts due to customers	2 180 518 433	1 897 504 158	90 649 272	5 250 231	4 173 922 094
Bonds issued	4 620 000	-	-	-	4 620 000
Other borrowed funds	54 897 690	-	-	-	54 897 690
Other financial liabilities	5 656 645	-	-	-	5 656 645
Total financial liabilities	**2 325 125 567**	**1 983 674 157**	**90 649 272**	**5 250 231**	**4 404 699 227**
Net balance sheet position on financial assets and liabilities	**(21 680 531)**	**(153 265 196)**	**(5 842 319)**	**2 470 799**	**(178 317 247)**
Derivative financial instruments	**-**	**10 700 768**	**-**	**-**	**10 700 768**
Net position	**(21 680 531)**	**(142 564 428)**	**(5 842 319)**	**2 470 799**	**(167 616 479)**

The table below shows the changes in the financial result and comprehensive income as a result of possible changes in exchange rates applicable at the end of the reporting period, while all other conditions remain unchanged. A reasonably possible change in the exchange rate for each currency is determined based on the limits of the fluctuations of the exchange rates changed by 10% compared to the current ones.

(In thousands of UZS)	**December 31, 2019**	**December 31, 2018**
Strengthening of the US dollar by 10%	(19 428 422)	(14 256 443)
Weakening of the US dollar by 10%	19 428 422	14 256 443
Strengthening of the Euro by 10%	(414 049)	(584 232)
Weakening of the Euro by 10%	414 049	584 232

The risk was calculated only for cash balances in currencies other than the Bank's functional currency.

30 Segment information

The main format for providing information on the segments of the Bank's activities is the disclosure by operating segments, a supplementary one is the disclosure by geographical segments.

Most transactions and services are related to residents of the Republic of Uzbekistan (Note 30.1).

30.1 Operating segments

The Bank operates in two main operating segments:

- Individuals – provision of banking services to private clients, maintenance of current accounts of private clients, acceptance of savings accounts and deposits, maintenance of debit cards, provision of consumer loans and loans secured by real estate.
- Legal entities – maintaining settlement accounts, attracting deposits, providing loans and other lending services, without accepting write-offs, transactions with foreign currencies and derivative financial instruments.

The table below summarises the segmental concentration of assets and liabilities as at December 31, 2019:

(In thousands of UZS)	Individuals	Legal entities	Undistributed	Total
Interest income from transactions with external counterparties	164 747 570	291 591 915	13 051 157	469 390 642
Interest expenses	(168 540 349)	(68 096 590)	(13 562 901)	(250 199 840)
Net interest income	**(3 792 779)**	**223 495 325**	**(511 744)**	**219 190 802**
Charge for ECL on loans to customers, deposits with banks and cash and cash equivalents.	(2 948 645)	(62 786 973)	-	(65 735 618)
Net interest income after the allowance for impairment of interest-bearing assets	**(6 741 424)**	**160 708 353**	**(511 745)**	**153 455 184**
Fee and commission income	75 430 638	189 065 610		264 496 248
Fee and commission expenses	(451 373)	(48 989 959)	-	(49 441 332)
Net (loss) gain from transactions with foreign currencies	(581 131)	3 689 229	(2 684 096)	424 002
Loss arising from impairment of other financial assets and credit-related commitments, other provisions	-	787 261	-	787 261
Loss from revaluation of buildings	-	-	(31 979 496)	(31 979 496)
Other income		4 984 851	-	4 984 851
Other expenses	-	-	-	-
Non-interest income (expenses)	**74 398 133**	**149 536 992**	**(34 663 592)**	**189 271 534**
Personnel and other operating expenses	(124 142 332)	(104 326 875)	(9 071 902)	(237 541 109)
Non-interest expense				
Profit before income tax expense	**(56 485 622)**	**205 918 469**	**(44 247 238)**	**105 185 609**
Income tax expense	-	-	(22 824 953)	(22 824 953)
Net profit for the period from continuing operations	**(56 485 623)**	**205 918 470**	**(67 072 192)**	**82 360 656**
Net loss from disposal of subsidiaries	-	-	-	-
Net profit for the period	**(56 485 623)**	**205 918 470**	**(67 072 192)**	**82 360 656**
Other comprehensive income				
Revaluation of buildings	-	-	17 881 178	17 881 178
Total comprehensive (loss) income for the period	**(56 485 623)**	**205 918 470**	**(49 191 014)**	**100 241 834**

Information about the largest customers and geographical concentration. Most of the revenue was received from customers who are residents of the Republic of Uzbekistan. The Bank has no customers (groups of related customers) with individual income from operations which exceeds 10% of total income from operations with external customers. The largest share of long-term assets is located in the Republic of Uzbekistan.

The table below summarises the segmental concentration of assets and liabilities as at December 31, 2018:

(In thousands of UZS)	**Individuals**	**Legal entities**	**Undistributed**	**Total**
Interest income from transactions with external counterparties	77 056 573	201 785 250	8 739 485	287 581 308
Interest expense	(108 658 251)	(38 166 880)	(9 513 266)	(156 338 397)
Net interest income	**(31 601 678)**	**163 618 370**	**(773 781)**	**131 242 911**
Charge for ECL on loans to customers, deposits with banks and cash and cash equivalents.	(3 849 710)	(21 073 451)	(341 015)	(25 264 176)
Net interest income after the allowance for impairment of interest-bearing assets	**(35 451 388)**	**142 544 919**	**(1 114 796)**	**105 978 735**
Fee and commission income	68 752 829	144 394 151	2 298 747	215 445 727
Fee and commission expenses	(15 113 338)	(21 780 063)	(2 178 539)	(39 071 940)
Net gains from transactions with foreign currencies	13 195 482	3 291 890	2 393 166	18 880 538
Loss arising from impairment of other financial assets and credit-related commitments, other provisions	-	(687 949)	-	(687 949)
Allowance for impairment of other assets	-	(726 616)	-	(726 616)
Loss from initial recognition of loans	-	-	-	-
Other income	-	13 395 752	-	13 395 752
Other expense	-	-	-	-
Non-interest income	**66 834 973**	**137 887 165**	**2 513 374**	**207 235 512**
Staff and other operating expenses	(57 669 820)	(136 919 178)	(4 365 787)	(198 954 785)
Non-interest expense	(57 669 820)	(136 919 178)	(4 365 787)	(198 954 785)
Profit before income tax expense	(26 286 234)	143 512 905	(2 967 211)	114 259 460
Income tax expense	-	-	(44 452 582)	(44 452 582)
Net profit for the period from continuing operations	**(26 286 234)**	**143 512 905**	**(47 419 793)**	**69 806 878**
Net loss from disposal of subsidiaries	-	-	(5 547 604)	(5 547 604)
Net profit for the period	**(26 286 234)**	**143 512 905**	**(52 967 397)**	**64 259 274**
Total comprehensive (loss) income for the period	**(26 286 234)**	**143 512 905**	**(52 967 397)**	**64 59 274**

31 Subsequent events

On March 11, 2020, the World Health Organization announced that the spread of a new coronavirus infection had become a pandemic. In response to the potentially serious threat posed to public health by the COVID-19 virus, the authorities of the Republic of Uzbekistan have taken measures to contain the spread of coronavirus infection, including restrictions on the crossing of the Republic of Uzbekistan's borders, restrictions on the entry of foreign nationals, and recommendations to enterprises to transfer employees to remote work. During March 2020, local authorities have progressively implemented additional measures to ensure social distance, including the closure of schools, higher education institutions, restaurants, cinemas, theaters, museums and sports facilities. In order to ensure sanitary and epidemiological safety of population, the Special Republican Commission has introduced restrictive measures (quarantine) until August 1, 2020.

In April of this year, there was a significant decline in business activity, primarily due to the restrictive measures and deterioration of world markets conditions. Partial suspension of production and decline in household income resulted in a decrease in the aggregate demand in the economy. In particular, the total number of transactions through the interbank payment system decreased significantly. The decrease in this indicator as compared to the same period of the previous year was 39,8% in April and 34,7% in May. The maximum drop occurred in April, while in May there was a gradual recovery, when the volume of transactions increased by 7,6% compared to the previous month.

The Bank operates in corporate and retail banking. Over the past few weeks, the volume of the Bank's operations has been maintained at a stable level. Based on the publicly available information as at the date of approval of these financial statements, management has analysed the possible development of the situation and the expected impact on the Bank and the economic environment in which the Bank operates, including measures already taken by the Government of the Republic of Uzbekistan, and it is taking all necessary measures to minimise the negative impact and ensure sustainability of the Bank in the current circumstances.

(a) Assessment of the potential impact on the Bank's loan portfolio

In order to assess the impact of the economic decline and volatility of the Uzbekistan market on the quality of the Bank's loan portfolio, management has analysed the potential change in credit risk of on- and off-balance sheet instruments exposed to credit risk in stressful situations.

Based on the results of the analysis, taking into account the assumptions made for the credit quality category, collateral availability and borrowers' industry, according to the management's assessment, the potential creation of additional allowances for possible losses under the CBU Regulations on Commitments on Loans and Credit Facilities will not have a significant negative impact on the Bank's ability to meet capital adequacy ratios and other regulatory indicators.

(b) Capital adequacy and liquidity

Starting from March 31, 2020, the Bank had certain difficulties in complying with the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). Given that, the Bank timely notified the regulator of the deviations and their causes.

As at May 31, 2020, the deviations in LCR were completely eliminated. The deviations in NSFR remain and are mainly related to the prolongation of maturity of a significant part of the loan portfolio, which is incorporated into the set of state support measures for economic entities in the conditions of the coronavirus pandemic.

To date, the regulator has not provided any information on sanctions against the Bank and (or) intentions to impose them.

Forecast for the end of 2020:
The Bank has sufficient resources, diversified sources of liquidity and a stable funding base to ensure continuous operations and funding of customers, which is evidenced by the results of regular liquidity stress testing.

Taking into account the above measures and current operating and financing results of the Bank, as well as publicly available information, the management does not expect significant negative impact of the coronavirus pandemic on the financial position and performance of the Bank in the short term. However, it cannot be excluded that the long-term extension of the self-isolation regime, further tightening of measures to prevent further spread of the infection or adverse impact of such measures on the economic environment in which the Bank operates will negatively affect the Bank's operations in the medium and long term. In addition, the Bank considers potential negative development scenarios and is prepared to adapt its operational plans accordingly. Management continues to monitor the situation closely and will take necessary measures to mitigate the impact of possible negative events and circumstances as they arise.

Mirzayev A.A.
The Chairman of the Management Board of the Bank
June 26, 2020

Toshkent shahri * O'zbekiston Respublikasi "KAPITALBANK" aksiyadorlik tijorat banki

Allayorova D.N.
Chief Accountant of the Bank